



FRANCHISE DISCLOSURE DOCUMENT
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
A Florida limited liability company
509 S. Hyde Park Avenue
Tampa, Florida 33606
(813) 228-6334
dkaloust@mediweightloss.com
www.mediweightloss.com
www.mediweightlossfranchising.com

The franchise offered is for a Medi-Weightloss® Business that, using our Marks, Copyrights and our System, offers our proprietary weight loss, wellness, nutritional and weight management products, services and programs.

The total investment necessary to begin operation of a Medi-Weightloss® Business is \$147,000 to \$331,500. This includes \$99,000 to \$104,000 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation under an Area Development Addendum is \$177,000 to \$376,500. This includes \$144,000 to \$149,000 that must be paid to the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payments to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure documents in another format that is more convenient for you. To discuss the availability of disclosures in different forms, contact the Franchise Administration Department, Attn: Andrew Cox, Senior Vice President of Business Development, 509 S. Hyde Park Avenue, Tampa, Florida 33606, (813) 228-6334.

The terms of your contract (your Franchise Agreement) will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract in this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. Information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide To Buying a Franchise](#)" which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You can also visit the FTC home page at www.ftc.gov. For additional information, call your state agency or visit your public library for other sources of information on franchising.

There may be other laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: April 28, 2023, as amended October 21, 2023

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit K and L.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Medi-Weightloss® business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Medi-Weightloss® franchisee?	Item 20 or Exhibit K and L list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in you franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit U.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by litigation only in Florida. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Florida than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

1. Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:
 - (a) A prohibition on the right of a franchisee to join an association of franchisees.
 - (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
2. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
3. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
4. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
5. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
6. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (a) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (c) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (d) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
7. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a

provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

8. A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise
670 G. Mennen Williams Building
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT, AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN AN ADDENDUM OR RIDER.

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor is MEDI-WEIGHTLOSS FRANCHISING USA, LLC, referred to as “we,” “us,” or “our.” “You” means a person who acquires a franchise from us or an entity that enters into a Medical Practice Management Addendum, if any.

We are a Florida limited liability company formed on January 24, 2008. Our principal business address is 509 S. Hyde Park Avenue, Tampa, Florida, 33606. Our phone number is (813) 228-6334, and our website is www.mediweightlossfranchising.com (franchise sales) and www.mediweightloss.com (consumer site). Our agent in Florida for service of process is Derek Kaloust, 509 S. Hyde Park Avenue, Tampa, FL 33606, and if different in another state is, if applicable, disclosed in Exhibit “U.” We conduct business under our corporate name, MEDI-WEIGHTLOSS FRANCHISING USA, LLC, and under the name “**Medi-Weightloss® Businesses**” and “**Medi-Weightloss Franchising**”.

We are in the business of granting franchises for Medi-Weightloss® Businesses and supplying or reselling products, equipment and services to them. “**Medi-Weightloss® Businesses**” are businesses that, using our System, our Program, Marks and Copyrights, offer to persons 18 years of age or older (and under our Adolescent Program between 12 years and 18 years of age), the Products and Services we designate or approve.

We may and do act as a seller of products and services to the public or become owners in Medi-Weightloss® Businesses. We currently do not ourselves own Medi-Weightloss® Businesses, but our affiliates do so. As part of our program, we may offer to assist you with finding a physician to serve as the medical director and an owner of your franchise.

We do not engage in other business activities and have not offered franchises in other lines of business. We have not operated any Medi-Weightloss® Businesses but, as described below in this Item, certain of our affiliates have operated similar businesses as Licensed Businesses, Company-Owned Businesses and Business Development Managers. We have no predecessors.

Affiliates and Parent

Medi IP, LLC (“**Medi IP**”) is a Florida limited liability company formed on January 25, 2008 in Tampa, Florida that is affiliated with us by common ownership. Medi IP’s address and telephone number is the same as ours. Medi IP owns intellectual property and marks, and licenses them to us for use in the MEDI franchise system.

Physician’s Health Management, LLC (“**PHM**”) is a Florida limited liability company formed on July 6, 2005, that is affiliated with us by common ownership. PHM’s address and telephone number is the same as ours. PHM is engaged in the business of licensing trademarks and intellectual property to “Licensed Businesses” (described later in this Item). PHM also acts as a holding company for our Company Owned Businesses.

Medi-Weightloss Clinics, LLC (“**MWLC**”) is a Florida limited liability company formed on October 18, 2005 that is affiliated with us by common ownership. MWLC’s address and telephone number is the same as ours. MWLC also acts as a holding company for our Company Owned Businesses.

We do not have any affiliates who sell goods or services to our franchisees or who offer or have offered franchises in this or any other line of business.

On October 28, 2022, Medi-Weightloss Buyer, Inc. (“**MWBI**”) acquired all of the underlying membership interests in us, Medi IP, PHM, and MWLC (the “**Transaction**”). As of the closing of the Transaction, MWBI became our parent company. MWBI is an affiliate of Audax Management Company,

LLC (“**Audax**”), a Boston-based private equity company, with its principal business address at 101 Huntington Avenue, Boston, Massachusetts 02199.

How the System Started: Licensed and Company Owned Businesses

In 2005, our founders started our concept as company-owned and licensed system offering an early version of our System and our Program, described later in this Item. Beginning in July 2005, PHM and MWLC offered “**Licensed Business**” relationships that were somewhat similar to the franchise we offer, but which included more limited support and different corporate structures. Under these relationships, MWLC became part owner (usually 51%) of, or licensed others the right to operate these Licensed Businesses. And MWLC often served as a medical practice management provider to many of the Licensed Businesses, and PHM licensed to them the right to use the intellectual property that comprised the diet program they offered, and the Marks. From July 2005 through February 2008, MWLC and PHM entered into/granted 39 Licensed Business relationships. MWLC has been part owner of nine (9) Licensed Businesses, and as of the date of this Disclosure Document is part owner of one (1) Licensed Businesses. In February 2008, MWLC and PHM ceased offering opportunities to become Licensed Businesses. As of December 31, 2020, only 2 Licensed Businesses remain open and have not yet converted to franchises. See Exhibit “K” for a list of Licensed Businesses which are currently owned in whole or in part by PHM, MWLC or other owners. The remaining Licensed Businesses now operate in essentially the same manner as our franchisees. We also have numerous other affiliated businesses, through common ownership with us, which have ownership interests in company-owned Medi-Weightloss® Businesses (each a “**Company Owned Business**”).

In 2008, our founders decided to modify their activities to convert to a franchise system. Beginning in January 2008 they began preparations to become a franchise system and as of February 1, 2008, we began offering franchises for Medi-Weightloss® Businesses.

We sometimes refer to Company Owned Businesses, Licensed Businesses and Medi-Weightloss® Businesses and Area Developers (described below) as “**System Businesses**.” See Items 20 and Exhibits “K” and “L” for additional information regarding System Businesses.

Our Program

We only offer the right to own and operate **Medi-Weightloss® Businesses** by entering into our “**Franchise Agreement**”. Our standard form of Franchise Agreement is attached as Exhibit B to this Disclosure Document. Under the Franchise Agreement, the franchisee is granted the right to operate a **Medi-Weightloss® Businesses** offering the Products and Services we designate from a specific location we designate (a “**Site**”), and using our System, marks and Copyrights.

The System, Products and Services form part of our proprietary *medically-supervised* weight loss, wellness, nutritional and weight management program (the “**Medi-Weightloss® Program**” or “**Our Program**”). Our Program forms the fundamental basis of the Medi-Weightloss® Businesses’ efforts to serve the consumer. In most instances, Our Program includes use of our “**Foundational Elements**,” as well as the use, offer or sale of those Products and Services that we refer to in our Manuals as “**Branded Products and Services**,” and “**Ancillary Products and Services**”, as well as “**Medical Products and Services**” which are Products or Services that may be required by applicable law to be provided by an independent Physician employed by a medical practice (or by you if permitted by law) responsible for supervising and/or monitoring the Medi-Weightloss® Program. Our Program guides the manner of dealing with customers, mix of and use of Products and Services, as well as the general customer experience. Our Foundational Elements are those attributes of our System we do not license to others as part of or in connection with any Products or Services we may sell via the internet or Alternative Channels of Distribution. Currently, we consider the Foundational Elements to include our EMR Software, our diet methods, Manuals, and other services and intellectual property we deem critical to allow someone to commence a Medi-Weightloss® Business.

Our “**Products and Services**” are any proprietary, designated or approved weight loss, nutritional weight management and wellness products and services, and other products and services we designate or approve from time to time. We ourselves, as well as in cooperation with suppliers, investigate and develop Products and Services that we believe are both attractive to the consumer and effectively promote with our assisted weight loss, weight management, wellness or nutritional programs.

Our “**System**” allows for the efficient operation of the Medi-Weightloss® Business to provide a platform for the sale of Products and Services, as well as to provide ease of operation of its Practice component. Our System includes our clinic management system; accounting system; distinctive business formats; uniforms; color schemes; methods; procedures; system-common practices and processes; advertising practices; hiring practices; designs; layouts; signs; product and service mix; licensed or proprietary software; hardware and electronic devices; standards; specifications; treatment protocols; and/or other System Standards defined in our Manuals, all of which we may improve, further develop or otherwise modify from time-to-time.

The Sites from which Medi-Weightloss® Businesses operate must be dedicated only to or primarily to the operation of the Medi-Weightloss® Business. All Medi-Weightloss® Businesses operate in primarily the same manner when marketing and providing the Products and Services. However, in limited circumstances, we may consider allowing a franchisee to operate a Medi-Weightloss® Business in an existing or to be developed physicians’ offices or other medical facility such that the franchisee will operate the Medi-Weightloss® Business and the Physician’s practice or medical business out of a shared space. For these prospective franchisees whose owners currently offer (or will offer) certain competitive services, we may offer to the prospective franchisee the opportunity to enter into an Existing Business Addendum (“**EB Addendum**”) (Exhibit T) to do so and we may modify this Addendum on a case-by-case basis for that purpose. For current franchisees who would like to offer certain competitive services, we may require that those franchisees sign an “**Outside Business Addendum**” (Exhibit U) to do so and we may modify this Addendum on a case-by-case basis for that purpose. We determine any form of participation in or modification of the EB Addendum or Outside Business Addendum terms on a case-by-case basis, and in our sole discretion. We do not have any set criteria for doing so, but instead use our subjective judgement to evaluate our opinion of the impact of the services to be offered, and its impact on the Medi-Weightloss® Business and our System.

We also evaluate and at times allow Medi-Weightloss® Businesses to offer new, or ancillary products and services. We are not required to allow them to do so and the competitive restrictions in the Franchise Agreement allow us to prohibit them from doing so. Currently, for Medi-Weightloss® Business who meet our qualifications and comply with their agreements with us, we approve certain ancillary services under the terms of our “**MediLiving Addendum**”, attached as Exhibit S to this Disclosure Document.

Other Attributes of Our Program

Usually, customers of Medi-Weightloss® Businesses will be seeking *medically assisted* weight loss: So, Professionals and Physicians are critical to the implementation of the Program and operation of our System. Unless we authorize the modification of the Program to be non-physician assisted or supervised, you must hire or obtain the services of qualified personnel, which may include Advanced Registered Nurse Practitioners, Physician Assistants, Medical Technicians, Medical Assistants, Registered Dietitians, or similar types of personnel to assist in providing the Products or Services (the “**Professionals**”). Depending on the laws of your state, the Professionals may be employed by the Medi-Weightloss® Business or the Practice. As part of the Products and Services, you will also be required to utilize and refer to the Physicians we designate or approve who provide the Medi-Weightloss® Program (the “**Physicians**”). In some instances, Physicians provide general practice medical and wellness services that are ancillary to treatment of obesity or weight loss. It is your responsibility to ensure that your Medi-Weightloss® Businesses complies with all applicable laws, including laws governing medical related franchises and the corporate practice of medicine.

We may provide general guidance and assist you with finding one or more Physicians and other Professionals to participate in ownership or work for your Medi-Weightloss® Business. But ultimately, it is your responsibility to enter into relationships with and choose them.

Professional liability insurance coverage is critical to medically assisted weight loss businesses. We may be able to offer the Medi-Weightloss® Businesses that qualify for the opportunity to participate in (be named as a named insured under) our group professional liability policy. We cannot predict or guarantee if our insurer will continue to offer this opportunity, or that our insurer will offer coverage through our group policy indefinitely.

Development Program

From March 2008 to June 2011, we offered and granted the right to qualified prospective franchisees (the “**Development Rights**”) to develop and operate multiple Medi-Weightloss® Businesses within a certain defined geographic area (a “**Development Area**”) in keeping with a “**Development Schedule**”. We called this opportunity the “**Area Development Program**”. As of March 27, 2014, we recommenced offering our Area Development Program. Franchisees who participate in our Area Development Program will sign our form of Area Development Addendum at the same time that they sign typically 3 Franchise Agreements (but, depending on the circumstances, we may permit the franchisee to sign 2 Franchise Agreements). Under the Area Development Addendum, we defer the dates the franchisee must open the 2nd and 3rd Medi-Weightloss® Businesses and we also defer the dates the franchisee must pay to us the corresponding Initial Package for the 2nd and 3rd Medi-Weightloss® Businesses. We also agree not to place another Medi-Weightloss® Business in the Development Area during the Development Schedule, provided the franchisee remains in compliance with the Development Addendum. The current form of Area Development Addendum is attached as Exhibit “C” to this Disclosure Document.

MEDILIVING Program

Franchisees meeting certain qualifications we designate may be eligible to provide MEDILIVING Products and Services under our MEDILIVING Program, such as vitamin and nutrient injections and other services related to Preventive Medicine. Often MEDILIVING products and services will not be related to weight loss, nutritional counseling, or weight management. If you desire to participate in our MEDILIVING Program, and are approved to do so, you must execute the MEDILIVING Addendum, attached as Exhibit B-1. To be eligible for the MEDILIVING Program, you must first (i) apply for the MEDILIVING Program by submitting our MEDILIVING Application form to the Operations Department; (ii) be in good standing under the existing Franchise Agreement and other agreements with us; and (iii) prior to implementing the MEDILIVING Program, obtain a regulatory review of the legal and health care rules and regulations in your state that apply to the operation of your Business.

Discontinued Franchise Programs

From approximately September 2019 to September 2023, we offered qualified persons or entities the right to formally operate their Medi-Weightloss® Businesses at “**Co-Location Sites**” where a franchisee would operate its Medi-Weightloss® Business in an existing or to be developed physicians’ offices or other medical facility. We no longer have a formal program for Co-Location Sites (including for Company-Owned Co-Location Sites) and there are currently no Co-Location Sites operating in our franchise system.

From January 2009 to December 2009, we offered persons or entities the right (“**Area Representative Rights**”) to develop and operate one or more Medi-Weightloss® Businesses within a certain geographic area (the “**Area Representative Area**”), and to solicit others to operate and provide services to others who will operate Medi-Weightloss® Businesses within the Area Representative Area (the “**Area Representative Program**”). As of the date of this Disclosure Document, there are no operating Area Representative Program Franchises and we are not currently offering an Area Representative Program.

Starting in July 2005 through February 2008, MWLC also entered into six (6) exclusive sales agent agreements with Licensed Businesses that were granted rights similar to Area Representatives described below (the "**Exclusive Sales Representative Businesses**"). In February 2008, MWLC ceased offering opportunities to obtain Exclusive Sales Representative Businesses. (We also sometimes referred to the Exclusive Sales Representative Business as Business Development Managers). There are currently no operating Exclusive Sales Representative Businesses.

Except as described above, none of our parent, predecessors or affiliates have offered franchises in this or any other lines of business. Except as described above, none of our other affiliated entities or predecessors offer or sell products or services to our franchisees.

Competition

The primary target market for services and products provided by Medi-Weightloss® Businesses are both male and female adults and adolescents needing or desiring weight loss, weight management and nutritional products and services. The target customers for the Medi-Weightloss® Businesses also include physicians' practices who are seeking to add additional weight loss, weight management, wellness and nutritional product and service lines to their practices. To some extent, the market for the health, wellness, weight loss or nutritional products offered to customers of the Medi-Weightloss® Businesses is seasonal. There are often increases in business to some extent beginning in January through mid-year. Customers seeking to purchase the health, wellness, nutritional and weight loss products, may consider other national and regional chains as well as independent weight loss, health, wellness and nutrition businesses, as well as independent or affiliated physicians and other medical providers. The market for products and services relating to weight loss, health, wellness and nutrition is highly competitive in connection with sales via internet, infomercial and other direct advertising. Many physicians now offer some form of medically supervised weight loss programs and the market for these services is becoming increasingly competitive.

Regulations

For purposes of complying with state laws governing the corporate practice of medicine, our franchise offering is designed to be flexible so that we can accommodate a single or dual entity structure.

To help comply with state and federal laws, we may require that your franchise be operated by two (2) separate entities: (1) the "**Franchised Business**" and (2) an affiliated but independent medical practice (the "**Practice**"). In these instances, the entity (the Franchised Business) signs our "**Franchise Agreement**" (Exhibit "B" to this Disclosure Document), and both the Franchised Business and the Practice must sign our Medical Practice Management Addendum ("**MPMA**") (Exhibit "H" to this Disclosure Document). If you are a corporation, partnership or other entity, certain provisions of our Franchise Agreement also will apply to your owners and your owners must sign our "**Owners' Guaranty**". The MPMA includes specific terms that must be included in any Management Agreement between the Franchised Business and Practice. The "**Practice Management Services**" that are usually provided under the MPMA are those Products and Services provided by Medi-Weightloss® Businesses (that we designate in our Manuals from time-to-time), which may include medical, organizational, physician practice management advertising, equipment and administrative services, products and services, and in some instances leased space. Practice Management Services are provided to health care providers who perform medical services and/or dispense pharmaceuticals requiring a medical or pharmacy license in connection with the Medical Products and Services ("**Physician Activities**"). Where an MPMA is used, Practice Management Services are governed by the MPMA and other agreements between the Franchised Business and Practice.

Quite often the Practice and the Franchised Business have common owners, or a Medi-Weightloss® Business structure is not needed and the Medical Practice is the party that signs the Franchise Agreement. In some instances, we may approve modification of Our Program so as to eliminate the need for physician supervision.

Because many aspects of our Program are associated with the practice of medicine, you will need to closely monitor legal developments in the laws relating to the medical and pharmaceutical professions. Laws and regulations adding reimbursement, like the Affordable Care Act (Obamacare) may impact your Business.

You are prohibited from engaging in the practice of medicine or any other activities in violation of applicable state or federal law. Our goal and intent is for our franchise system to be structured so that we do not practice medicine.

We permit you to receive reimbursement from managed care payors. And, we may enter into national agreements, which could potentially impact the number and/or quality of in-network contracts available to Medi-Weightloss® Businesses. If you participate in Medicare or Medicaid you must follow their rules, and any bond requirements. In some instances, you may not be approved by an insurance carrier as a provider that may receive reimbursement. You will need to address each insurance carriers' requirements to be a provider for covered services under their plans. You may be required to register with the United States Drug Enforcement Administration. It is understood between you and us that the fees you pay to us are not based on the volume or value of any referrals between you and us, if any. The federal False Claims Act and federal Stark Law apply to your Medi-Weightloss® Business.

A number of states have enacted laws similar to the federal Anti-Kickback Act and the Stark Law prohibitions on self-referrals or prohibit certain fee splitting arrangements: These types of laws prohibit certain compensation and ownership arrangements with referring physicians and other health care providers. State requirements vary considerably. States' laws may prohibit certain health care providers from being employed by, or providing services on behalf of, corporations and other business entities owned in whole or in part by non-licensed health care providers. In these states, you may be prohibited from employing certain health care providers, or from controlling in any way, the provision of health care services by providers.

In some states, if you must be licensed as a "clinic" or similar entity, you may need to comply with state licensing laws that, among other things, may require your Medi-Weightloss® Business to be designed by a medical architect. In some states, like Massachusetts, laws and regulations govern the use of the word "clinic" in relation to healthcare providers that are owned by non-physicians.

In order to comply with HIPAA, a federal statute that, among other things, protects patient confidentiality, you will be required to comply with all applicable laws, rules and regulations relating to patient privacy, and to sign our "**Business Associate Agreement**" attached as Exhibit "I" to this Disclosure Document. You will need to comply with all local and federal laws, rules and regulations related to your Business. Some examples are employment laws, non-discrimination laws, the ADA, laws governing practices like anti-spam and texting laws, zooming and local ordinances.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer and Member: Kenneth Hall: Mr. Hall has served as our Chief Executive office in Tampa, Florida since October 2022. From July 2017 to October 2022, Mr. Hall was the VP of Sales & Operations at Miracle-Ear/Amplifon located in Minneapolis, Minnesota. From July 2012 to July 2017, Mr. Hall was the VP of Operations & Commercialization at LensCrafters/Luxottica located in Cincinnati, Ohio.

Chief Legal Officer and General Counsel: Derek Kaloust: Mr. Kaloust has served as Chief Legal Officer and General Counsel for us as well as MWLC, PHM and Medi IP since February 2017. He has also served as legal counsel to MWLC, PHM and Medi IP from September 2007 to January 2017.

Chief Financial Officer: Sharla Cook: Ms. Cook has served as our Chief Financial Officer since April 2023. From October 2020 to April 2023, Ms. Cook was the Chief Financial Officer at Better Choice

Company Inc. located in Tampa, Florida. From April 2020 to October 2020, Ms. Cook was the Vice President, Finance & Accounting at Better Choice Company Inc. located in Tampa, Florida. From May 2019 to April 2020, Ms. Cook was the Vice President, Accounting at Avesta Homes, LLC located in Tampa, Florida. From December 2015 to May 2019, Ms. Cook was the Corporate Controller at Checkers Drive-In Restaurants, Inc. located in Tampa, Florida.

Chief Scientific Officer: Macklin Guzman, D.H.Sc., MPH: Dr. Guzman has served as our Chief Scientific Officer since March 2017.

Senior Vice President of Western Business Development: Brooks Edlund: Mr. Edlund has served as our Senior Vice President of Western Business Development since November 2009. He has also served as the Southwest Sales Manager for MWLC since July 2007.

Senior Vice President of Business Development: R. Andrew Cox: Mr. Cox has served as our Senior Vice President of Business Development in Tampa, Florida since our inception in January 2008. He is the Senior Vice President of National Sales for MWLC in Tampa, Florida as well as the Senior Vice President of Sales for PHM in Tampa, Florida, and has served in those capacities since March 2007.

Senior Vice President, Marketing, Aligned Communications, & Events: Rhandi Guzzo: Ms. Guzzo has served as our Senior Vice President of Marketing, Aligned Communications & Events since April 2016, and as our First Vice President of Marketing and Public Relations since October 2014.

Senior Vice President of Franchise Operations: Charolette Obringer: Ms. Obringer has served as our Senior Vice President of Franchise Operations since September 2023. From October 2016 to February 2023, Ms. Obringer was the Group Vice President of Stores, Vice President of Operations and Regional Vice President of Belk Department Stores in Charlotte, North Carolina.

Medical Director: Dr. Gretchen San Miguel: Dr. San Miguel has served as the Medical Director of MWLF in Tampa, Florida since February 2019. From 2009 through 2018, Dr. San Miguel served as a full-time physician at Florida Hospital Waterman in Tavares, FL. During that time, she also served as a System Operations Council Member and Chair of Network Operations for Florida Hospital Medical Group out of Maitland, FL.

Franchise Sellers/Brokers: In some instances, we may, but have no obligation to, offer our Franchisees and Licensed Businesses or their owners, or others, the opportunity to earn a referral fee if they refer us a franchise prospect who joins our Franchise System.

ITEM 3 LITIGATION

Pending Litigation Actions involving us:

None.

Consolidated Cases:

1. **MEDI-WEIGHTLOSS FRANCHISING USA, LLC v. MEDI-WEIGHTLOSS TRINITY, LLC, EVELYN KIKTA, and TIMOTHY KIKTA, In the Circuit Court for the Thirteenth Judicial Circuit in and for Hillsborough County, Florida, Case No. 11-CA-006040.** In May 2011, Medi-Weightloss Franchising USA, LLC sued Evelyn Kikta, her husband, Tim Kikta, and their former company, Medi Weightloss Trinity, LLC, for breach of a written Transfer Agreement, breach of a written Franchise Agreement, Trademark Infringement, and for Enforcement of a

written Owner Guaranty relative to a franchising transaction among them and allegations of subsequent breach of the transaction terms by some and/or all of the defendants.

2. **EVELYN KIKTA v. MEDI-WEIGHTLOSS CLINICS, LLC, In the Circuit Court for the Thirteenth Judicial Circuit in and for Hillsborough County, Florida, Case No. 11-CA-003415.** On March 16, 2011, Ms. Kikta sued Medi-Weightloss Clinics, LLC. Ms. Kikta alleges breach of oral and implied contracts to pay for employment services rendered.
3. **VITA NUTRITIONALS, LLC v. EVELYN KIKTA, In the Circuit Court for the Sixth Judicial Circuit in and for Pinellas County, Florida, Case No. 11-2398-CI-21.** On March 18, 2011, Vita Nutritionals, LLC sued its former president, Evelyn Kitka, for breach of fiduciary duty, conversion, civil theft and fraud.
4. **EVELYN KIKTA v. VITA NUTRITIONALS, LLC; EDWARD KALOUST; JAMES A. EDLUND; and EDWARD ZBELLA, In the Circuit Court for the Thirteenth Judicial Circuit in and for Hillsborough County, Florida, Case No. 11-CA-003411.** On March 16, 2011, Ms. Kitka sued Vita Nutritionals, LLC and three of its principals alleging breach of a written employment contract and constructive fraud an alleged that Mr. Kaloust, Mr. Edlund and Dr. Zbella conspired to abuse fiduciary duties allegedly owed to Ms. Kitka.

Each of the 4 cases listed above under the heading Consolidated Cases (the “**Consolidated Actions**”) were settled under a Settlement Agreement and Release dated June 9, 2014 (the “**Kikta/Vita Settlement**”). Under the Kikta/Vita Settlement: our affiliates and we denied liability for any claims to the other parties; Mrs. Kikta transferred her ownership interest in Vita Nutritionals, LLC to Vita Nutritionals, LLC and Vita redeemed her ownership interest in Vita Nutritionals, LLC; Mrs. Kikta acknowledged Vita Nutritionals, LLC’s ownership in and to any intellectual property in dispute; Mrs. Kikta agreed to be responsible for all taxes arising from her transfer of her ownership interest to Vita Nutritionals, LLC; Mrs. Kikta agreed to return the hard drive to Vita Nutritionals, LLC; Mrs. Kikta withdrew any allegations of wrongdoing made against us or our affiliates; Mrs. Kikta waived her claims for compensation against us or our affiliates; we agreed to terminate non-competition covenants entered into by Mrs. Kikta, but to continue to enforce confidentiality obligations; Mrs. Kikta agreed to release the owners of the Trinity Franchise Location from all liability, the parties entered into general releases; Vita paid Mrs. Kikta \$150,000 as the redemption purchase price for her interest and Medi-Weightloss Clinics, LLC paid her \$150,000 in unpaid compensation for services rendered to Vita and Medi-Weightloss Clinics, LLC; and all of the Consolidated Actions were dismissed and the parties entered into a stipulation for dismissal.

Concluded Actions:

None.

Other than these 4 actions, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Unit Franchises

Franchise Fee. When you sign each Franchise Agreement, you are required to pay to us a lump sum fully earned non-refundable franchise fee (the “**Franchise Fee**”) in the amount of \$45,000. If you have also signed an Area Development Addendum with us, you will pay to us a Franchise Fee of \$45,000 for your first Medi-Weightloss® Business, a Franchise Fee of \$30,000 for your second Medi-Weightloss® Business, and a Franchise Fee of \$15,000 for your third Medi-Weightloss® Businesses.

Training Fee. When you sign the Franchise Agreement you also pay to us a \$5,000 “Training Fee.” The Training Fee is due in lump sum and is fully earned by us when paid and is not refundable.

Initial Package Fee. We require you to purchase certain items for use in operating and outfitting your Medi-Weightloss® Business (the “**Initial Package**”). Your Initial Package, if any, consists of those items listed on Exhibit "A" to your Franchise Agreement. The "**Initial Package Fee**" for the Initial Package is due in lump sum, is non-refundable and is due on the earlier of: (1) the date which is 120 days after the date you sign the Franchise Agreement, or (2) the date which is 14 days after you execute a lease for your Site. The Initial Package Fee is designated in Exhibit "A" to your Franchise Agreement and currently ranges from \$49,000 to \$54,000.

The Initial Package Fee varies due to the items in the Initial Package. A typical Initial Package may consist of touchscreens, printers, labels, cameras, office supplies, medical supplies, testing supplies, posters and various branded materials, certain supplement supplies/inventory, Adolescent Program supplies, educational DVD, certain text messaging services, cooler bags, stationery, water bottles and other items, supplies or equipment we may designate or include in the Initial Package. Quantities and content of the Initial Package may vary. The actual components and quantities are designated in an exhibit to your Franchise Agreement.

We deliver the Initial Package to your Site at no additional costs to you. But, installation of any items needing installation is not included with the Initial Package Fee and is at your expense.

Other. In limited instances, new franchisees may choose to purchase optional additional supplies from us or our affiliates through our website. If so, payment is due at the time the order is made. Because these are optional purchases, we have not included them in the calculation of initial franchise fees in this Item 5.

Development Rights

We may grant to qualified candidates the right to development more than one Medi-Weightloss® Business. As part of our development rights program, qualified candidates typically must agree to development three Medi-Weightloss® Business under three separate Franchise Agreements with us, all of which are signed by the developer at the same time. If we agree to grant you the right to develop three Medi-Weightloss® Businesses, then you will also sign our form Development Area Addendum at the time that you sign the three Franchise Agreements with us, and you will pay to us at that time a total of \$90,000 in initial Franchise Fees (\$45,000 for your first Medi-Weightloss® Business, \$30,000 for your 2nd Medi-Weightloss® Business and \$15,000 for your 3rd Medi-Weightloss® Business). In addition, you will pay to us your Initial Package Fee (\$49,000 to \$54,000) and Training Fee (\$5,000) for your first Medi-Weightloss® Business. The Initial Package Fee and Training Fee for your 2nd and 3rd Medi-Weightloss® Business is due within 15 days after we approve the lease or purchase of your 2nd or 3rd Site(s), unless we, in our sole discretion, delay the date on which your 2nd or subsequent Medi-Weightloss® Business must open. But, unlike your first Medi-

Weightloss® Business, the Initial Package Fee for your 2nd and any subsequent Medi-Weightloss® Businesses under a Development Schedule will be the current Initial Package Fee, but will not exceed the maximum Initial Package Fee indicated in our then current disclosure document. You may decide to pay the Initial Package Fees for all Medi-Weightloss® Businesses when you sign your Franchise Agreements. If you do so, you must pay the difference between the then current initial Package Fee charged when your Initial Packages are delivered and the Initial Package Fee paid when signing the Franchise Agreements.

Other Fees

Except as described in this Item 5 above, all fees are non-refundable and there are no other fees required to be paid or purchases required to be made from us or our affiliates, prior to your beginning operations of your Medi-Weightloss® Business. The Initial Franchise Fee described in Item 5 does not entitle you to any rights of first refusals or options to acquire additional franchises or franchise territory. In the fiscal year ending December 31, 2022, the Franchise Fees we received ranged from \$0 to \$75,000 under the Unit Franchise Program and \$75,000 to \$150,000 under the Development Program.

If you previously signed an Area Development Agreement with us, it may contain different price terms for future franchises. We will honor those fees if required to do so under your prior Area Development Agreement. If you have these pre-existing rights, see your prior FDD for such pricing.

Fee Deferrals

Certain states’ franchise laws or regulations may require that if you are purchasing a Unit Franchise, we will be required to escrow franchise fees until our pre-opening obligations are completed (you have opened). If this applies to the purchase of your franchise, an Escrow Agreement or fee deferral addenda in the form attached in Exhibit “M” - State Specific Addenda will be utilized.

**ITEM 6
OTHER FEES**

Unit Franchise Program and MPMA Program.

UNIT FRANCHISE AND MPMA PROGRAM			
Name of Fee¹	Amount^{4,6}	Due Date⁵	Remarks⁵
Royalty Fee	Greater of (1) \$2,250, or (2) 10% of Gross Sales for the prior Accounting Period	On the Payment Day of each "Accounting Period" (currently monthly)	"Gross Sales" is defined in Note 3 below.
System Branding Fee/Contribution	Currently, greater of (1) \$250, or (2) 1% of Gross Sales for the prior Accounting Period; we can increase the percentage of Gross Sales up to 2%	On the Payment Day of each "Accounting Period" (currently monthly)	"Gross Sales" is defined in Note 3 below.

UNIT FRANCHISE AND MPMA PROGRAM			
Name of Fee¹	Amount^{4,6}	Due Date⁵	Remarks⁵
Website Optimization/Pay Per Click Fee/ Optional Marketing Services/ Recruiting Services/ E-Signature Services	Varies: Based on our discretion. Currently \$0 to \$2,000 per month. For Pay Per Click campaigns, it is amount allocated to the ad word campaign plus a service fee that ranges from 15% to 25%. Currently, phone number tracking is \$75 to \$500 setup, with a monthly fee of \$25 to \$500 per month: currently, \$25 per month. Currently, mailing lists are \$.07 to \$.25 per name. For Recruiting Services, currently \$40 per month. For E-Signature, \$1.25 per signature.	On the payment day of each Accounting Period.	Currently we only offer Pay Per Click word campaign optimization services. The first Payment Day for this ad words campaign is prior to commencement of the campaign. In return we or our designee set up an ad words campaign and other optimization with Google® or other providers in the amount you commit to the campaign. We may require this be paid by electronic funds transfer.
Software Fees	Varies: Our then current fees. Currently, \$0 per month	As incurred. Currently on Payment Day of each Accounting Period.	Compensate us for any computer software licenses and software service fees we require you to pay in connection with the Computer System. Examples include third party applications and enhancements, and other enhancements, applications and new programs.
Initial Package Fees (for 2 nd and subsequent Medi-Weightloss® Businesses)	Varies. Currently, \$49,000 to \$54,000	Within 15 days of Site Selection/lease approval (or as stated in the Area Development Addendum)	Due if you participate in the Area Development Program for your 2 nd and subsequent Medi-Weightloss® Businesses. If you pay these fees up front, you are responsible to pay us the difference if our then current Initial Package Fee increases prior to our delivery of the Initial Packages for your 2 nd or subsequent Medi-Weightloss® Business. This does not apply if you only purchase 1 Medi-Weightloss® Business.
Template and Marketing Services Automation Option	Varies: \$0 to \$500 per year.	As incurred. On Payment Day we designate.	Due if you choose optional Template and Automation Services.
Insurance Premiums	Varies based on coverage needs and State law: between \$3,800 and \$15,000; plus administration fee of up to 15%.	Within 15 days of your Opening Date.	Paid to us or our affiliate, MWLC, if you purchase insurance through us or MWLC; or if you fail to pay required costs and we pay these costs on your behalf.
Equipment and supplies required to be purchased from us or our affiliates	Varies between \$40,000 and \$180,000+ per year.	As we designate.	Your annual expenses could be more or less than this amount. We are not representing or suggesting that you should or are able to obtain sales levels associated with this expenditure.
Interest	Varies: lesser of 18% per year or highest contract rate of interest allowed by law.	Within 15 days after billing.	Payable on all overdue amounts.
Late Payment Penalties	5% of the late amount.	Due on payment of late amount.	Payable on all late payments including interest.

UNIT FRANCHISE AND MPMA PROGRAM			
Name of Fee¹	Amount^{4,6}	Due Date⁵	Remarks⁵
Costs and Attorneys' Fees(7)	Will vary under the circumstances: between approximately \$0 and \$100,000+.	As incurred.	Applies if we have to enforce the agreement due to your breach.
Indemnification (8)	Will vary under circumstances: between approximately \$0 and \$1,000,000. (See Note 8).	As incurred: within 15 days after billing.	You have to reimburse us if we are held liable for claims arising from your Business' operations. Your owners' sign guarantees.
Other Services Fees	Varies: Our then current fees published in our Manuals.	As we designate.	Due if we allow you to offer Other Services and we decide to charge fees for doing so.
Audit ³	Cost of inspection or audit plus travel.	15 days after billing.	Payable only if you fail to furnish reports, supporting records or other required information or you under report Gross Sales by 2% or greater.
Management Fee (9)	Varies: As agreed between our designees and you. Usually \$48,000 to \$200,000 per year.	As agreed between the Medi-Weightloss® Business and the Practice	Charged only if we must take over the management of your Medi-Weightloss® Business; compensates the Medi-Weightloss® Business for providing Practice Management Services. We may require this be paid by electronic funds transfer.
Physician Liquidated Damages(6)	Varies: As partial liquidated damages, \$1,000 per day for violating the in-term non-competition covenants; \$100,000 for violating the non-solicitation covenants; \$500,000 for violating the in-term or post term confidentiality covenants or the post-term non-competition covenants.	Due within 15 days of our demand.	Applies if any Physician or Professional with whom you contract breaches confidentiality, non-compete or non-solicitation terms.
Local Marketing	You must spend at least \$18,000 semi-annually (\$36,000 annually).	On the Payment Date of the month following the end of each Payment Year quarter.	This does not include the amounts you spend on your Start-Up Marketing Campaign described in Items 5 and 7. Your other Local Marketing expenditures count towards this requirement. We also recommend you spend up to \$72,000 or more per year if you are in a larger metropolitan area or have aggressive growth plans.
Local Marketing Cooperative Fee ²	Varies: what the cooperative designates; not to exceed \$15,000 per Calendar Year.	As established by the cooperative.	Calendar Year is January 1 through December 31.
Transfer Fee and Commissions	Currently, \$18,750	As incurred. Prior to Transfer	In addition to the transfer fee, if we are obligated to pay a franchise broker a commission on the sale or transfer of your franchise or any ownership interest in your franchise, we may require you to reimburse us that amount or we will not approve the Transfer.
Successor Franchise Fee	\$5,000	Signing of the Successor Franchise Agreement	Our granting of a Successor Franchise is contingent on your payment of the Successor Franchise Fee.

UNIT FRANCHISE AND MPMA PROGRAM			
Name of Fee ¹	Amount ^{4,6}	Due Date ⁵	Remarks ⁵
Site Type Conversion fees and expenses	Varies: Our then current fees and costs.	Prior to agreeing to your conversion from one Site type to another.	These fees vary depending on the fees we chose to charge to advise, oversee and assist with the process, as well as all of our cost for doing so.

Explanatory Notes

1/ *Unless otherwise indicated, all fees in this table are imposed by and payable to us or our affiliates. The Royalty and System Branding Fee upon a successor franchise is increased to the amounts disclosed. In general, we expect to impose all fees described in this chart uniformly among all franchisees other than when dealing with an EB Addendum. We reserve the right to vary these fees if, in our sole discretion, we choose to do so. All fees in this table are non-refundable, except as provided in Item 5. We may require any or all fees due us in the table in this Item 6 to be paid by electronic funds transfer. All fixed fees in this Item 6 are subject to increase after the end of each Calendar Year based on the most recent reported change to the Consumer Price Index. If it is determined that applicable laws or regulations will not permit the payment of the Royalty Fee in the manner contemplated, we may also require you to revise the method and calculation of payment of the Royalty Fee in the manner we designate to otherwise comply with applicable laws governing the corporate Practice of Medicine and the Practice of a Profession. We may defer, increase (up to 2% of gross sales), or reduce the System Branding Fees upon 30 days prior written notice to you. "**Accounting Periods**" are a calendar month. The first "**Payment Year**" begins on the first day of the calendar month in which the "**Opening Date**" occurs, each Payment Year commences on the anniversary of the Opening Date. The Opening Date is the date we approve your Medi-Weightloss® Business to open and begin accepting Clients. We may pay certain amounts of the Royalty Fee to our predecessors or affiliates for services they provide to us.

2/ If a local advertising cooperative is established, you must contribute to the cooperative amounts designated by the cooperative. But, we will not require you to contribute to the cooperative more than \$15,000 per Calendar Year without your consent. The local advertising cooperative determines how voting is conducted, its contributions, covered area and participants, subject to our approval. We do not have established criteria for the covered areas of local advertising cooperatives. If one of our affiliate Medi-Weightloss® Businesses or Licensed Businesses participates in the cooperative, it will have 1 vote. We have the right to approve the rules of the local advertising cooperative. If an advertising or buying cooperative is established, Franchisor owned outlets will have one vote per outlet; the same as each Medi-Weightloss® Business. We have formed a National Advisory Council to advise us.

3/ "**Gross Sales**" are defined in the Franchise Agreement as all revenue you derive from operating your Business, including, but not limited to, all amounts you receive at or away from the Site from any activities or services whatsoever including any that are in any way associated with the Marks, Copyrights or System, and whether from cash, check, barter, credit or debit card or credit transactions, including the redemption value of gift certificates redeemed by you regardless of whether such gift certificates are issued by you or someone else; but excluding customer discounts and contractual adjustments actually made by your Business which are allowed by us. In the event your Business receives monies from the Practice, Physicians or Professionals, we will include those monies in the Gross Sales. Our System Standards will from time to time establish rules dealing with existing business activities under the EB Addendum. The Outside Business Addendum may specify if any "Outside Business" activities are excluded from or included in Gross Sales.

4/ The ranges and categories of fees which will comprise part of your expenses listed on the Table in this Item above are based solely on experience of our parents or our affiliate companies and your expenses may be

significantly different depending on various factors, including the suppliers you use and the local costs incurred.

5/ We will designate the day of the month (the “**Payment Day**”) for the payments due. We can change the Payment Day at any time. (Currently it is the 15th of the month.) You agree to comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. On the Payment Day, you will report to us by telephone, internet, intranet or electronic means or on written form, as we direct, the Medi-Weightloss® Business’ true and correct Gross Sales and Adjusted Gross Sales for the immediately preceding month. You will give us authorization, in a form that we designate or approve, to initiate debit entries or credit correction entries to your Business’ bank operating account (the “**Account**”) for payments of any fees due us and other amounts due under the Franchise Agreement, including any applicable interest charges. We do not have a standard form of electronic delivery transfer document for you to sign in all instances to make electronic funds transfers from your bank operating account, but a sample form of one is attached as Exhibit “J” to this Disclosure Document. The form may vary based on your or our banking institution. You will make the funds available in the Account for withdrawal by electronic transfer no later than the Payment Day.

6/ In our sole discretion, all fixed dollar amounts used in the Franchise Agreement or any Addenda may be adjusted as of January 1 of each year in proportion to changes in the Consumer Price Index (U.S. Average, all items) maintained by U.S. Departments of Labor between January 1, 2017 and January of the then current year. Each Adjustment will be made effective as of January 1 based on the January Index but the first adjustment will not be made until the second January following the Agreement Date. For Physician Liquidated Damages, if any Physician, Practice or Professional with whom you contract engages in the competitive business without our consent during the term or within 2 years of the termination or expiration of your Medi-Weightloss® Business Franchise Agreement or MPMA, you must pay to us this Physician Liquidated Damages fee on a per violator basis. It compensates us as part of the liquidated damages and is not our exclusive recovery from you and it does not serve to limit our recovery from you in any manner for any action. The Physician Liquidated Damages are cumulative. But, we will not seek to collect Physician Liquidated Damages from you provided all of the following are met: (a) At least 10 days prior to its execution, you send to us, and we have approved the Physician’s agreement with you (the “**Physician Agreement**”); (b) You assign your rights to sue for and collect the Physician Liquidated Damages under the Physician Agreement; (c) this assignment of rights to us is enforceable and the Physician does not have defenses to our/your claim that were the result of your breach of the Agreement; and (d) you are in full compliance with the Franchise Agreement. For Rush Order Fees, we may offer to provide optional rush order status for approval of certain marketing you submit to us.

7/ Under the Franchise Agreement, if a claim for amounts owed by you to us or any of our affiliates is asserted in any legal proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable attorneys fees.

8/ The amount of indemnification will vary depending on the claim and could exceed the maximum estimated figure. If no claims arise, indemnification will not be necessary.

9/ The MPMA renewal fees apply to MPMA and its associated management agreement only and may be negotiated. There is no set fee for it.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount*	Method Of Payment	When Due	To Whom Payment is To Be Made
Franchise Fee (1)	\$45,000 (2 nd under ADA \$30,000) (3 rd under ADA \$15,000)	Lump Sum	Signing Franchise Agreement	Us
Initial Package (2)	\$49,000 to \$54,000	Lump Sum	Signing Franchise Agreement	Us
Training Fee(3)	\$5,000	Lump Sum	Signing Franchise Agreement	Us
Start-Up Marketing Campaign (4)	\$3,000 to \$12,000	As Agreed	Within 60 days of opening Business	Third Parties
Local Marketing (4)	\$9,000 to \$18,000	As Agreed	As Incurred	Third Parties
Leasehold Improvements (5)	\$0 to \$60,000	As Agreed	As Incurred	Third Parties
Architectural/ Engineering, Legal & Accounting Services (5)(6)	\$3,000 to \$20,000	As Agreed	By agreement with provider	Suppliers
Furniture, Fixtures and Equipment(7)	\$3,000 to \$10,000	As Agreed	By agreement with provider	Suppliers
Rent(8)	\$0 to \$13,500	As Agreed	By agreement with landlord	Landlord
Security/utilities Deposit (9)	\$0 to \$1,000	Lump Sum	As Incurred	Third Parties
Rental Deposits (10)	\$0 to \$9,000	Lump Sum	As Incurred	Third Parties
Signage/Other Local Marketing (11)	\$6,000 to \$8,000	As Agreed	As Incurred	Suppliers
Office Supplies, Additional Inventory, and Miscellaneous Supplies (12)	\$1,000 to \$5,000	Lump Sum	As Incurred	Suppliers
Training Travel Related Expenses (13)	\$1,000 to \$5,000	As Incurred	As Incurred	Third Parties
Insurance (14)	\$5,000 to \$6,000	Lump Sum	As Incurred	Third Parties or
Additional Funds – 2 months of operations (15)	\$20,000 to \$60,000	As Incurred	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT UNDER THE UNIT FRANCHISE PROGRAM (EXCLUDING REAL ESTATE AND/OR BUILDING PURCHASE COSTS) (16)	\$147,000 to \$331,500			
Additional Franchise Fees due at signing under the Development Program(17)	Franchise Fees: \$30,000 to \$45,000			Us

Type of Expenditure	Amount*	Method Of Payment	When Due	To Whom Payment is To Be Made
TOTAL ESTIMATED INITIAL INVESTMENT UNDER THE AREA DEVELOPMENT PROGRAM (11) (EXCLUDING REAL ESTATE AND/OR BUILDING PURCHASE COSTS) (17)	\$177,000 to \$376,500			

Explanatory Notes

*This estimate covers ongoing expenses during the initial start-up of the Franchised Business which includes the first three months following the Opening Date ("Initial Start-Up Period"). The Initial Start-Up period is in no way intended to represent the time frame needed to be cash flow positive or otherwise profitable, but is a reasonable initial period for the industry. All payments to us or our affiliates in this Item 7 are non-refundable. Payments made to third parties may be refundable if you and the third party mutually agree to allow for a refund. We do not offer financing directly or indirectly for any part of the initial investment.

1/ Initial Franchise Fee. The Initial Franchise Fee of \$45,000 is due when you sign the Franchise Agreement. Under the Area Development Program the Initial Franchise Fee is reduced to \$30,000 for the 2nd Medi-Weightloss Business and \$15,000 for the 3rd Medi-Weightloss Business.

2/ Initial Package Fee. The Initial Package Fee currently ranges from \$45,000 to \$54,000 and is due on the earlier of: (1) 120 days from the effective date of the Franchise Agreement, or (2) within 14 business days after executing the lease for your Site. This estimated initial investment assumes you pay for 1 Initial Package Fee before you commence operations, regardless of if you are an individual Medi-Weightloss® Business or have Development Rights.

3/ Training Fee. The Training Fee of \$5,000 is due when you sign the Franchise Agreement.

4/ Start-Up Marketing Campaign & Local Marketing. The Start-Up Marketing Campaign, which consists of the grand opening marketing and promotional program advertising and activities we designate, is separate and distinct from Local Marketing. You are required to spend \$18,000 semi-annually (\$36,000 per year) on Local Marketing. The low range assumes you only spend the minimum required during the Initial Start-Up Period (\$9,000, averaging \$3,000 per month). The high end of the range assumes your Business is located in a heavily populated metropolitan area and we have recommended you spend more (\$18,000, averaging \$6,000 per month). Local Marketing Cooperative Contributions may count towards this requirement.

5/ Leasehold Improvements. The costs of leasehold improvements, which include floor covering, wall treatment, counters, tables, stools, ceilings, painting, window coverings, plumbing, electrical, carpentry and related work and contractor's fees, will vary significantly depending on the condition, location and size of the Site, the demand for the Site among prospective lessees and any construction or other allowances granted by the landlord after negotiations (our System Standards recommend 2nd generation space rather than building out from scratch). The high range assumes \$120,000 in leasehold improvements with 50% of them included in the rent structure and the other 50% paid during the Initial Start-Up Period. The low range assumes all leasehold improvements are included in Landlord work and Tenant improvement allowance under the lease.

6/ Architectural/ Engineering, Legal & Accounting Services. We believe it is important for you to consult your own accountant, attorney, risk management and/or business advisor before making any decision to enter into a Franchise Agreement with Us. Although we provide you with prototype design plans, specifications, decor and layouts you will have to develop, with the assistance of an architect and engineer, complete architectural plans and drawings and engineering plans, at your expense. Also, some states may require you to hire a medical architect. You must obtain an opinion of your legal counsel as described in Item 1.

7/ Furniture, Fixtures and Equipment. This item includes furniture, fixtures, and equipment such as desks, sinks, display cases, tables, stools, chairs, cabinets, a phone system and facsimile machine, a desk, filing cabinets and related office supplies. The low end of the range assumes that you take over an existing medical office space with some of these items already in place or due to purchase of used equipment. You must purchase the Computer System which includes two computers, a router and printer. The low range assumes you already have an acceptable Computer System. The high end of the range assumes that all new equipment is purchased. We require you to sign our then current form of Conditional Assignment of Telephone Numbers and Listings in the form attached as an exhibit to our Franchise Agreement.

8/ Rent. The size of a Medi-Weightloss® Business is estimated to be 1500 to 2000 square feet of dedicated air-conditioned space. Franchisees typically obtain rental rates of \$18 to \$30 per square foot, triple net, but rental rates vary by local market condition and your credit. The high end of this rent estimate assumes 3 months at \$4,500 per month. The low range assumes you get free rent for 3 months for which your Medi-Weightloss® Business does not pay rent. Because of the numerous variables that affect the value of a particular piece of real estate, this estimated initial investment table does not reflect the costs of rent or purchasing land and erecting a building.

9/ Security/utilities Deposit. The amount of the security deposits needed for various equipment leases or services will depend on what items you choose to rent and your credit history.

10/ Rental Deposits. The low end of the range assumes no rental deposit is required. The high end assumes a rental deposit is required that is equivalent to two months of rent based upon the high range of rent. We do not anticipate that you will purchase your real estate.

11/ Signage/Other Local Marketing. The amounts listed are for the purchase of necessary signage as required by our System Standards and/or other local marketing which you may choose to spend beyond the Local Advertising requirements.

12/ Office Supplies, Additional Inventory, and Miscellaneous Supplies. The difference between the low and high ranges is attributable to your needs based on the initial growth of customers and the Products and Services they seek. This also includes items in the Initial Package that may need to be restocked during the Initial Start-Up Period.

13/ Training Travel Related Expenses. This item includes our estimate of any additional travel related training expenses (like travel, food and lodging).

14/ Insurance. Insurance must be obtained to meet the minimum requirements established by the System Standards. See Item 8. Insurance costs vary based on policy limits, types of policies, nature of physical assets, malpractice history, gross revenues, number of employees, square footage, location, business, contacts, and other factors. We currently offer our franchisees and Licensed Businesses the opportunity to acquire group professional liability coverage under our group policy. If you purchase through us, the premium is usually due within 15 days following your Opening Date.

15/ Additional Funds. This is an estimate only for additional operating capital needed to cover expenses in operating your Franchise Business during the Initial Start-Up Period (3 months). The estimate includes initial start-up expenses, including payroll costs, Royalty Fees, System Development Fees, professional fees, additional advertising, rent, repairs and maintenance, bank charges, miscellaneous supplies and equipment, state tax, and license fees, deposits, prepaid expenses (if applicable) and other miscellaneous items. This also includes any other fees under the Optional Marketing Services Agreement and Optional E-Signature Service Agreement and other optional costs associated with recruiting and/or credentialing medical staff. We cannot guarantee that you will not have additional expenses starting the Franchised Business. If you use a dual entity structure, this estimate includes Management Fees under a Medical Practice Management Addendum and other miscellaneous expenses.

16/ TOTAL ESTIMATED INITIAL INVESTMENT UNDER THE UNIT FRANCHISE PROGRAM. The total initial investment range is based on your first Unit Franchise, not a 2nd or 3rd Unit Franchise under our Area Development Addendum. These initial investment expenses are in no way intended and do not represent all expenses necessary prior to the Business being cash flow positive. This Item 7 also assumes that any costs or fees associated with signing an EB Addendum are included in the Additional Funds category.

17/ TOTAL ESTIMATED INITIAL INVESTMENT UNDER THE AREA DEVELOPMENT PROGRAM. If you participate in the Development Program, the total Franchise Fees for 2 Medi-Weightloss® Businesses under your Development Schedule is reduced to \$75,000 and for 3 Medi-Weightloss® Businesses is \$90,000. The high and low range for the business you operate under an Area Development Addendum does not include your payments for the Initial Package Fee for the 2nd and subsequent Medi-Weightloss® Business, which we expect to be due and paid to us after you open your first Medi-Weightloss® Business. If you chose to open them during the Initial Start-Up Period, those fees, and other initial investment costs will apply.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchase Restrictions: You must develop and operate the Medi-Weightloss® Business according to our System Standards. Our System Standards are critical to the proper offering and use of our Program. They may regulate nearly all of the purchases or expenditures made by your Medi-Weightloss® Business, including rules for, among other things, the types, models and brands of required suggested, authorized, unauthorized and prohibited fixtures, furnishings, equipment, services, signs, advertisements, software, materials, inventory and installation products and services, and all equipment, products services and supplies to be used in establishing and operating the business, required or authorized products and product categories and designated or approved suppliers of such items (which may be limited to or include us or our affiliates). For example, our System Standards' purchase restrictions described in this Item 8 apply to all Foundational Elements, Branded Products and Ancillary Products, as well as to any other Operating Assets or Medi-Weightloss® Business Materials as described in the Franchise Agreement. Foundational Elements are those items or services that require local medical supervision to provide or administer (for example, MIC injections, prescriptions, VLCD diet and the like).

Purchase from Us: Currently, we are the only approved supplier of the following categories of items: Initial Package Items, accessories, flavor mist, salad dressings, meal items, interactive exercise accessories, pedometers, the vitamins and supplements that bear our brand/Marks, and any other products we offer via <https://shop.mediweightloss.com>. Other than these items and the Professional Training, you currently do not have to purchase any goods or services from us, any parent, our predecessors, or our affiliates relating to the establishment of your Medi-Weightloss® Business. But, we may in the future require you to purchase from us or our affiliates any of the equipment, inventory, products, supplies or services used to establish or operate your Medi-Weightloss® Business.

We currently require you to purchase from us or approved suppliers nearly all equipment and supplies you will use in the ongoing operation of your Medi-Weightloss® Business, including all of those described in Item 1 and Item 5. We may also designate other approved suppliers of them or require you to purchase them directly from a designated supplier. If we establish ourselves or an affiliate as a pharmacy, we may, to the extent permitted by applicable law, require you (and/or the Practice) to purchase all drugs, pharmaceuticals and other items requiring dispensation from a pharmacy from the Pharmacy operated by us or our affiliate. Also, at our option we may require you to purchase from us or our affiliates any other products, materials, supplies which bear the Marks (or our copyrights), or other items, materials or supplies we choose (or designate for our affiliates) to supply to Medi-Weightloss® Businesses. In some instances, under our previously offered Company-Owned Co-Location Program, an affiliated Company-Owned Businesses (the Medi-Weightloss® Business) will provide management and Other Services to the non-Company-Owned Practice. We no longer offer the Co-Location Sites program (including the Company-Owned Co-Location Program).

Suppliers in Whom our Officers Hold Interests: Our officer Derek Kaloust holds an indirect interest in Medi IP, which supplies intellectual property to us but not directly to our franchisees.

Purchases From Approved Suppliers: You are obligated to purchase or lease fixtures, equipment and supplies, furnishings, and installation products or services as well as all inventory, supplies and other goods, services or equipment used to operate your Medi-Weightloss® Business(es) and related items that meet our minimum standards and specifications. We may also require you to purchase or lease any or all of them from suppliers we approve. None of our affiliates are currently approved suppliers, but we may designate them as such in the future. We will notify you in our Manuals or other communications of our standards and specifications and approved suppliers. We include these requirements in our "System Standards". To the extent that a Practice is utilized, the Medi-Weightloss® Business is required to supply the Practice with only those products, services, inventory, supplies, and equipment that we designate or approve.

We negotiate contracts with equipment, services inventory and installation products and services suppliers who serve as exclusive or approved suppliers to Medi-Weightloss® Businesses. For example, we also designate approved suppliers or manufacturers of certain types of pharmacy/drugs products or services.

Currently, our approved suppliers include, for example, Anazao Health Corporation, who is the only approved supplier of pharmaceuticals; BioServ, Stericycle, and Compliance PhD who are approved suppliers for OSHA/HIPAA training; LabCorp, which is an approved supplier of Medical testing services; Dell™, who is the approved supplier of our Computer System. Currently, ValPak, Clipper and RSVP Publications are Approved Suppliers of certain local advertising and direct mail advertising. We or our designees may also be the only approved supplier of call center services to you. We are currently investigating if we will establish or designate a centralized call center which all franchisees must utilize. We currently do not derive any revenue from your purchases from Approved Suppliers other than us; but we may in the future. See "Rebates" below. When our affiliates, our or their owners' own interests in suppliers, they derive benefit from their ownership in those suppliers.

Specifications and Standards: Even where purchases are not required to be made from approved suppliers, they still must meet any specifications and standards we designate. For example, even if not purchased from an approved supplier, you are also obligated to purchase certain branded and non-branded products, materials, services, fixtures, inventory, and equipment that meet our System and Standards. (Much of this will also have to be purchased from us, or affiliates or other designated or approved suppliers.) Our standards and specifications, which are part of our System Standards, may also impose minimum requirements for quality, taste, cost, delivery, performance, design and appearance, delivery capabilities, financing terms, and ability of the supplier to service our franchise system as a whole. Other examples of some items which must be purchased in accordance with our specifications and standards which are in addition to purchases from approved suppliers include: televisions, authentic team merchandise, phone systems, music systems, security

system(s), office supplies, produce, paint and building plans, office equipment, etc. We may require you to enter into agreements with approved or designated suppliers or distributors.

Purchase Data: For the fiscal year ending December 31, 2022, our revenues from franchisee required purchases and leases were \$10,172,913 which represented approximately 43% of our total revenues of \$22,400,000 (based on our audited financial statements: Required purchases or leases excludes Royalty Fee and System Branding Fee, as well as the former Administrative Fee, proprietary Software Fee, Start-Up Marketing Fee and License Fee). For the fiscal year ending December 31, 2022, Medi IP's revenues from franchisee required purchases and leases (License Fees and Area Development Fees) were \$2,173,608.60 which represented approximately 92% of its total revenues of \$2,373,608 (This figure is based on Medi IP's unaudited financial statements). For purposes of calculating the information above, franchisee required purchases and Licensed Business required purchases are treated as the same.

Collectively, the purchase and leases described above in this Item 8 (purchases from us, our affiliates, approved or designated suppliers, or in accordance with our System Standards) are about 20% to 60% of your overall purchases and leases in establishing a Medi-Weightloss® Business and 80% to 95% of your overall purchase and leases to operate a Medi-Weightloss® Business. We do not currently derive any revenue from your purchases from approved suppliers other than us; but we may in the future. Percentages referenced under this Item 8 are subject to change.

Changes of Suppliers: If you want to use any item or service that does not comply with System Standards or is to be purchased from a supplier that has not yet been approved or seek an alternative supplier to be an approved supplier, you must first submit sufficient information, specifications, and samples for our determination whether the item or services complies with System Standards or the supplier meets approved supplier criteria. We will, from time to time, establish procedures (System Standards) for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Approval or our revoking approval of a supplier may be conditioned on requirements relating to product quality, frequency of delivery, standards of service and concentration of purchases with one or more suppliers in order to obtain better prices and service and may be temporary, pending our further evaluation of the supplier. Our criteria for approving suppliers may be treated by us as a trade secret and not shared with our franchisees. In other instances, we may share these criteria with you by placing it in the Manuals or communicating it directly to you. We can revoke our approval of a supplier at any time upon immediate notice to you. We do not charge you a fee for reviewing or evaluating a proposed supplier. But, we also are not obligated to consider or evaluate them.

Rebates: We may negotiate with suppliers and manufacturers to receive rebates on certain items you must purchase. Our rebate programs may vary depending on the supplier and the nature of the product or service. Not every supplier will pay rebates to us. Certain suppliers and manufacturers may pay us a rebate based on the amount of products ordered that may vary. We may require you to enter into agreements with approved or designated suppliers or distributors. While we may, from time to time, choose to use rebate monies or other remuneration from such programs for the System Development Fund, they do not reduce or offset your System Branding Fees, or other fees due us. We reserve the right to use such rebate monies or remuneration in any way we choose. Our or our affiliates' obtaining rebate monies or remuneration from suppliers compensates us or our affiliates for our/their efforts to establish and maintain relationships with suppliers and distributors, new product research and development, initial sourcing, and ongoing monitoring of quality and compliance by our suppliers. While we may seek to establish supply relationships based on lowest or lower price, other considerations such as strategic marketing, strength of supplier, competitive pressures, and the like, may influence our decisions to use and negotiate with those suppliers. We are in the process of implementing a rebate program with our suppliers. As of the date of this Disclosure Document we have not instituted a formal rebate program or "Preferred Vendor" agreements with Approved Suppliers to franchised

Medi-Weightloss® Businesses. In the fiscal year ending December 31, 2022, we received \$0 in payments from vendors towards supporting our regional meetings for our franchisees.

Currently, there is no formula for these rebates with Preferred Vendors or Approved Suppliers and each is voluntary on the part of the supplier; We provided suppliers with what we considered to be better sponsorship opportunities at our convention based on the amount of contribution.

While we may seek to establish supply relationships based on lowest or lower price, other considerations such as strategic marketing, strength of supplier, competitive pressures, and the like, may influence our decisions to use and negotiate with those suppliers. We are in the process of implementing a rebate program with our suppliers. As of the date of this Disclosure Document we have not instituted a formal rebate program or "Preferred Vendor" agreements with Approved Suppliers to franchised Medi-Weightloss® Businesses. We request our key suppliers like ValPak, Geiger, Ackerman Security, PCD-Palliative Drug Care, Korr Medical Technologies, Anazao Health Corporation (compounding) and Nutriforce to provide assistance (financial support) to our annual or periodic franchise meetings.

Except as described above, there is no formula for the rebates for those suppliers or others and each is voluntary on the part of the supplier.

Cooperatives: There are currently no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price items), for the benefit of the franchise systems. We do not provide material benefits to you (for example renewing or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

Site Selection: We will furnish you with mandatory and suggested specifications, layouts and site selection criteria for a Medi-Weightloss® Business, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings and color scheme. If you have not selected your Site at the time you Sign your Franchise Agreement, it must be located in the Site Selection Area designated in the Franchise Agreement.

Site Approval: We review and must approve all aspects of the Site. You must locate and obtain our approval of the Site within 30 days after the date the Franchise Agreement is signed (except that we may modify this timeframe for your 2nd and 3rd Medi-Weightloss® Businesses if you sign an Area Development Addendum with us). The Site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other Medi-Weightloss® Businesses, the nature of other businesses in proximity to the Site and other commercial characteristics and the size, appearance, and other physical characteristics of the proposed Site. For example, some of our current guidelines for sites include: traffic patterns of consistent volume during periods we designate; a minimum number of parking spaces capable of handling a Medi-Weightloss® Business of the size contemplated; proximity to commercial corridors, office buildings, apartments, shopping centers, hospitals, movie theaters and industrial parks; convenient access with easy left or right-hand ingress or egress; high visibility with capacity to accommodate large signs; sufficient population within proximity to the Business to support its operations; and lack of competitors in close proximity.

We also must approve the lease or sublease for the Site of your Medi-Weightloss® Business. You must deliver a copy of the proposed lease and related documents to us prior to signing them. The Franchise Fee includes our review of one Site. We charge additional fees for additional Sites that you request or that we require to be evaluated by us. See Item 6. Our approval of the lease indicates only that we believe that its terms fall within the acceptable criteria we have established as of the time of our approval. You must provide us with a copy of the signed lease within fifteen (15) days of its execution.

If you lease the Site from a third party, or purchase the Site, we first must approve the lease, financing and/or purchase documents that you will sign. We require that they contain certain provisions that are designed to protect our rights. These required terms generally protect our rights under the Franchise Agreement, our ability to possess the Site if you violate any of your obligations to us, and your right to occupy the Site, and operate the Business without interference by lenders and mortgage holders. Any person who is related to or affiliated with you or one of your owners, directors, officers, or other principals, and who plans to lease the Site to you or own or obtain financing for the Site, must agree to be bound by these provisions.

The terms that we require you include in the lease also allow us to take possession of the Site if you violate the lease or any obligation to us. You still will be responsible for all lease obligations covering the time before we take over. If you and the Site landlord are or become related in ownership or control, and we eventually take over the Site, any lease will be amended to (a) be the same length as the Franchise Agreement, (b) be consistent with commercially reasonable “triple-net” leases being signed in your metropolitan area, and (c) reflect the Site's fair market rental value in your metropolitan area.

You are responsible for developing the Medi-Weightloss® Business. We require Medi-Weightloss® Businesses to be constructed or remodeled in accordance with our specifications and standards. You must purchase the Initial Package from us and install it in your Business. We provide delivery of the Initial Package, but not installation of its items. You must construct or build-out the Medi-Weightloss® Business in accordance with our System Standards. You must commence construction or remodeling following our System Standards prior to the sooner of 90 days following our approval of the Site. You must open the Medi-Weightloss® Business for business within twelve (12) months of the effective date of the Agreement (the “Opening Date”). In our sole discretion, if you have made full and complete applications for all building permits and all other permits required to open a Medi-Weightloss® Business, within thirty (30) days of the date we approve the Site and the Site lease, if any, we may grant to you up to three (3) thirty (30) day extensions to obtain all necessary permits, provided that the delay was due to causes beyond your reasonable control.

Computer System: Currently, we require you to purchase the Computer System from a supplier we designate or approve. The Computer System is described in more detail in Item 11 and the Franchise Agreement. We require you to install and utilize computer hardware and software that we may designate for the Computer System. We currently require you to use QuickBooks®. Some of the hardware is included in the Initial Package. Part of the Computer System is our proprietary software, the EMR Software, and our Advantage Website software and functionalities.

Insurance: In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, such insurance coverage that we require from time to time and meet the other insurance-related obligations in the Franchise Agreement. Currently, our minimum insurance criteria is set forth in the following table:

Type of Insurance	Amount
General Liability	\$1,000,000 (with coverage for sexual misconduct)
Vehicles	\$100,000/\$300,000
Business Property	\$50,000
Business Interruption	\$100,000
Umbrella	\$1,000,000
Health Care/Professional Liability	As required by new legislation.
Other	As required by law or your landlord.

The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history. We require a minimum of an “A-rating”. You must send us copies of all insurance

policies and each of them must name us as an additional insured party. Our System Standards may require you to use our designated insurance company or broker. If the Site is destroyed, you must rebuild it or move to another Site in accordance with your obligations under the Franchise Agreement. The Franchise Agreement does not terminate by virtue of casualty to the Site.

Except as described above, neither we nor our affiliates currently derive revenue or other material consideration as a result of required purchases or leases. There currently are no purchasing or distribution cooperatives. We do not have any purchase arrangements with suppliers for the benefit of franchisees; but we intend to pursue such arrangements in the future. However, we have the right at some point in the future to negotiate purchase arrangements with suppliers for the benefit of franchisees, and/or to derive revenue or other material consideration as a result of required purchases or leases. At this time, we intend to derive revenue only for proprietary items.

ITEM 9
FRANCHISEE'S OBLIGATIONS

These tables list your principal obligations under the Franchise and other Agreements. It will help you find more detailed information about your obligations in these Agreements and in other Items of this Disclosure Document.

ITEM 9 UNIT FRANCHISE AGREEMENT PROGRAM		
Obligation	Section in Agreement	Item in Disclosure Document
(a) Site selection and acquisition/lease	Sections 2.1 and 4 and Exhibit A to Franchise Agreement (“FA”); Section III to Medical Practice Management Addendum (“MPMA”); Sections 1 & 2 of the Area Development Addendum (“ADA”). Existing Business Addendum.	Items 7, 11 and 12
(b) Pre-opening purchases/leases	Sections 4, 5.3, 5.4, 11.2, 11.7, 19.1 and 19.2 of FA; Section 1 of MPMA; Section 2 of the Optional Marketing Services Agreement, Exhibit “P” (“OMS”); Exhibit “Q” (“ORS”); Sections 1-3 of the Optional E-Signature Service Agreement (“OES”), Exhibit “R”; Section 3 of ADA.	Items 5, 6, 7, 8, 11 and 16
(c) Site development and other pre-opening requirements	Sections 2.1, 4, 5, 7.1, 7.4, 7.6, 11.2, 11.2, 11.7, 19.1, 19.2 and 19.3 of FA; Section 1 of MPMA. Existing Business Addendum	Items 6, 7 and 11
(d) Initial and ongoing training	Sections 3.4, 6, 7, 8.10(f), 11.2 and 11.14 of FA; Section 1 of MPMA.	Item 11
(e) Opening	Sections 5.1, 5.9, 5.10, 7, 11.23 and 12 of FA.	Item 11
(f) Fees	Sections 2.5, 3.4, 3.5, 4.2, 5.3, 6, 7.2, 7.4, 11.1, 11.3, 11.7, 11.8, 12.1, 15.3 and Exhibit A and Exhibit B to the FA; Section 1 of MPMA; Section 1 of ORS; Sections 1-6 of OMS; Section 2 of the OES, Section 2 of ADA. Existing Business Addendum.	Items 5, 6 and 7
(g) Compliance with standards and policies/Operating Manuals	Sections 4, 5, 7.6, 9.1, 9.3, 11, 12 and 13 of FA; Section 1 of MPMA. Existing Business Addendum.	Item 11

ITEM 9 UNIT FRANCHISE AGREEMENT PROGRAM		
Obligation	Section in Agreement	Item in Disclosure Document
(h) Trademarks and proprietary information	Sections 5.7, 8, 9, 11.1, 11.2, 12.2, 12.8 and 17.4 of FA; Section III of MPMA.	Items 13 and 14
(i) Restrictions on products/services offered	Sections 2.6, 5.4, 5.5, 5.7, 5.8, 11.1, 11.2, 11.7, 11.10, 11.23, 11.26, 11.29, 11.30 and 12.5 of FA; Section 1 of MPMA. Existing Business Addendum.	Items 11 and 16
(j) Warranty and customer service requirements	Sections 5.6 and 11.17 of FA.	Not Applicable
(k) Territorial development and sales quotas	Sections 2, 4.2 and Exhibit A to the FA; Sections 1, 2, 3 & 4 of ADA.	Item 12
(l) On-going product/service purchases	Sections 5.3, 5.4, 5.5, 11 and 12 of FA; Section 1 of MPMA.	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections 3.1, 3.2, 5.1, 5.2, 5.3, 5.10, 11.2 and 11.4 of FA; Section 1 of MPMA. Existing Business Addendum.	Items 11 and 17
(n) Insurance	Sections 2.6, 5.6, 5.9, 11.2, 11.23 and 19 of FA; Section 1 of MPMA.	Items 7 and 8
(o) Advertising	Sections 5.6, 5.12, 6.16, 7.6, 8.2, 9.1, 11.2 and 12 of FA; Section 1 of MPMA; Section 1 of ORS; Sections 1-6 of OMS.	Items 6, 7 and 11
(p) Indemnification	Sections 2.4(d), 4.3(f), 5.18(c), 8.9, 11.26, 18.4 and 20.6; Section 3 of Conditional Assignment of Telephone Numbers.	Item 6
(q) Owner's participation/management/staffing	Sections 1.4(c), 5.6, 5.10, 5.13, 5.15, 5.16, 5.17, 7, 11.1, 11.2, 11.12, 11.13 and 11.14 of FA; Section 1 of MPMA.	Items 11 and 15
(r) Records and reports	Sections 5.13, 11.2, 11.6, 11.8 and 13 of FA.	Item 11
(s) Inspections and audits	Section 14 of FA.	Items 6 and 11
(t) Transfer	Section 15 of FA; Section 1 of MPMA.	Items 6 and 17
(u) Renewal	Section 3 of FA; Section 1 of MPMA; Section 7 of ADA.	Items 6 and 17
(v) Post-termination obligations	Sections 9.3 and 17 of FA; Section IV of MPMA.	Item 17
(w) Non-competition covenants	Sections 17.6 and 10 of FA; Section 4.4 of MPMA.	Item 17
(x) Dispute resolution	Sections 20.5-20.11 of FA; Conditional Assignment of Telephone Numbers and Listings; Section V of MPMA.	Item 17

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Unit Franchise Program

Pre-Opening Obligations: Before you open the Medi-Weightloss® Business, we will:

A. If you and we have not already agreed upon a location for your Medi-Weightloss® Business before signing the Franchise Agreement, we will provide you with our Site selection criteria for your Medi-Weightloss® Business. You must find a suitable Site within the Site Selection Area within 90 days of signing the Franchise Agreement (the Agreement Date), subject to our approval. The Site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other Medi-Weightloss® Business, the nature of other businesses in proximity to the Site and other commercial characteristics, and the size, appearance, and other physical characteristics of the proposed Site. We will approve or disapprove a Site you propose within 15 days after we receive the complete Site report and other materials we request. If we cannot agree on a Site, we can terminate the Franchise Agreement. (See Franchise Agreement Sections 4.1 and 5.1).

B. Sell and deliver to you the Initial Package items indicated with the Initial Package Fee. (See Franchise Agreement Section 5.3).

C. Furnish you with prototype design plans, specifications, decor and/or layout, which include floor plan and building elevations for a Medi-Weightloss® Business, including requirements for design, color scheme, image, interior layout, and Operating Assets which include fixtures, equipment, signs and furnishing (See Franchise Agreement Section 5.1).

D. Provide you access to our written Manuals and our System Standards (we provide them in electronic form, in read-only, non-copyable and non-printable format). Assist you, at your request, in developing the Medi-Weightloss® Business by recommending architects and otherwise furnishing information to assist you in developing the Medi-Weightloss® Business in accordance with our specifications. At your cost, you will have complete and detailed construction drawings prepared and approved by an authorized architect, secure all financing, obtain permits and licenses for the Medi-Weightloss® Business, construct improvements and decorate the Medi-Weightloss® Business according to our standards and specifications (including your purchase and installation of the Initial Package), purchase or lease and install all Operating Assets, and purchase an opening inventory of products and supplies. (See Franchise Agreement Section 5.1).

E. Identify the fixtures, furnishings, equipment (including point-of-sale registers, facsimile machines and computer hardware and software), inventory products, materials and supplies and signs, emblems, lettering, logos and display materials necessary for the Medi-Weightloss® Business to begin operations, the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including us and/or our affiliates). (See Franchise Agreement Section 5.4).

F. Make a copy of the Manuals accessible to you on-line via Internet, Intranet or electronic media. (See Franchise Agreement Section 11.1).

G. Advise you on a grand opening marketing and promotional program comprised of the advertising and activities we designate in our sole discretion (the “**Start-Up Marketing Campaign**”) for your Medi-Weightloss® Business. (See Franchise Agreement Section 5.12).

H. Provide to you the Initial Training Program, which consists of Owner/Manager Training and Opening Team training, and arrange for our designee to provide the Professional Training. This training is described in detail later in this Item. (See Franchise Agreement Section 7.1; Section 7.4).

I. Prior to your Medi-Weightloss® Business opening date, we will add your Medi-Weightloss® Business contact information to our website "location" page, and provide you access to our Extranet which serves as an on-line repository of approved forms, advertising materials and the like. (See Franchise Agreement Section 11.7).

J. Perform Optional “Optimization” services if you choose and pay for optional Optimization Services described in Item 6. (See Franchise Agreement Section 6.4).

K. If we agree to do so, assist you with guidance in locating and establishing a relationship with a Physician and other Professionals who may be necessary for the operation of your Medi-Weightloss® Businesses. (See Franchise Agreement Section 1.1).

L. If you sign an Area Development Addendum, we will treat your Development Area the same as your Site Selection Area during the term of the Development Schedule and offer limited territorial protections to the Development Area. (ADA, Section 1).

M. If you participate in an Optional Marketing Services Agreement, provide the services you choose under it in return for our fees described in it. (OMS, Sections 1-7).

N. If you participate in the Optional E-Signature Services Agreement, provide the service you choose under it in return for our fees described in it. (ORS, Sections 1-3)

Time To Opening: We estimate that there will be an interval of approximately 1 to 12 months between the signing of the Franchise Agreement and the opening of the Medi-Weightloss® Business, which varies based upon the location and condition of the Site, the construction schedule for the Medi-Weightloss® Business, the need for upgrades or remodeling, the delivery schedule for equipment and supplies, delays in securing financing arrangements and completing training if you are beginning operations from an existing medical practice/client base, and your compliance with local laws and regulations. You must locate and obtain our approval of and purchase or lease your Site within 90 days of signing the Franchise Agreement. You must commence construction or build-out within 90 days after we approve the Site as leased or purchased. You must open the Medi-Weightloss® Business within 12 months of the Agreement Date. If you sign an Area Development Addendum, we defer those dates to mutually agreed dates. We may grant extensions, but we expect most will occur within 2 months. Many franchises, particularly those converting an existing medical practice, will need little or no build-out. But, laws governing the architectural plans for businesses deemed medical clinics under some state’s laws could make this much longer. You may not open the Medi-Weightloss® Business for business until: (1) we approve the Medi-Weightloss® Business as developed according to our specifications and standards; (2) pre-opening training of you and your personnel has been completed to our satisfaction; (3) the Franchise Fee and all other amounts then due to us have been paid; (4) we have approved the manager of your Medi-Weightloss® Business and you have demonstrated that the conditions of the Franchise Agreement have been met (like pre-opening checklist); (5) we have been furnished

with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request; and (6) we have received signed counterparts of all required documents pertaining to your acquisition or lease of the Site (including your Certificate of Occupancy). You cannot open the Medi-Weightloss® Business until we are satisfied that you have completed all necessary steps to open. While we may terminate the Franchise Agreement if you fail to open in the time required, we will grant you extensions if your delay is due to your engaging in efforts to comply with laws governing the Practice of a Profession.

Post-Opening Obligations: During your operation of the Medi-Weightloss® Business, we will:

A. Advise you from time to time regarding the operation of the Medi-Weightloss® Business based on reports you submit or inspections we make, and provide guidance to you on standards, specifications and operating procedures and methods to be utilized by Medi-Weightloss® Businesses. This advice may cover purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies; inventory sales and installation methods; use of suppliers, approved products, volume buying; advertising and marketing programs; employee training; and administrative, bookkeeping and accounting procedures. This guidance will, at our discretion, be furnished in our Manual, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the Business. (See Franchise Agreement Section 7.6, Section 4).

B. Establish bookkeeping and accounting policies via our System Standards. (See Franchise Agreement Section 13).

C. Furnish you, at your request, with additional guidance, assistance, and training. (See Franchise Agreement Section 7.6; Section 7.2).

D. Provide you access to the Manuals (or make them available on-line or via other electronic format), consisting of such materials (which may include audiotapes, videotapes, magnetic media, computer software and written materials) that we generally furnish to franchisees for use in operating Medi-Weightloss® Businesses. The Manuals contain our System Standards. We, in our sole discretion, may make the Manuals accessible to you on-line or via other forms of electronic format like using the Internet or on Intranet or CD-Rom (instead of loaning one copy of it to you). If we do so, the most recent on-line (or electronic format) version of the Manuals will control any disputes involving the Manuals. The Manuals may be modified, updated, and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any on-line version (or electronic format) of the Manuals for changes. If we make the Manuals accessible to you on-line (or electronic format), we will not send to you printed copies of any changes. (See Franchise Agreement Section 11.1).

E. Issue, modify and supplement System Standards for Medi-Weightloss® Businesses. These will establish minimum or maximum prices at which you must sell products and services, to the extent permitted by law. We may periodically modify System Standards, which may accommodate regional or local variations as we determine or to comply with applicable laws, rules and regulations, and these modifications may obligate you to invest additional capital in your Business and/or incur higher operating costs. However, these modifications will not alter your fundamental status and rights under the Agreement. (See Franchise Agreement Section 11.1; Section 11.2; Section 11.3 Section 11.9).

F. Use our business judgment to informally mediate and attempt to resolve, and establish procedures for resolving, problems among franchisees with our System Standards. But, we are not responsible for the outcome of or to achieve a resolution to any disputes among franchisees. (See Franchise Agreement Section 11.2,).

G. As may be permitted by law, inspect and observe, photograph and videotape the operations of the Medi-Weightloss® Businesses, remove samples of any products, materials or supplies for testing and analysis, interview the Medi-Weightloss® Businesses' customers and personnel, and inspect and copy any books, records and documents relating to the operation of the Medi-Weightloss® Business from time to time to assist you in complying with the Franchise Agreement and all System Standards. (See Franchise Agreement, Section 14.1; Section 14.2).

H. Establish, maintain and administer a system-wide fund (the “**System Development Fund**”). You are obligated to contribute to the System Development Fund such amounts that we prescribe from time to time. The System Branding Fees are in addition to the required \$36,000 per year (\$18,000 semi-annually) in local marketing expenditures and up to \$15,000 for a local marketing cooperative.

I. Medi-Weightloss® Businesses owned and operated by us and our affiliates are not obligated to contribute to the System Development Fund on the same basis as franchise owners. (See Franchise Agreement, Section 12.1; Section 12.2; Section 12.3; Section 12.5).

J. Advise you on the remainder of the Start-Up Marketing Campaign that may take place after the opening for the Medi-Weightloss® Business. (See Franchise Agreement Section 5.12).

K. Perform optional “Optimization” services if you choose and pay for optional Optimization Services described in Item 6. (See Franchise Agreement Section 6.4).

L. If you sign an Area Development Addendum, we will treat your Development Area the same as your Designated Area during the term of the Development Schedule. (ADA, Section 1)

M. If you participate in an Optional Marketing Services Agreement, provide the services you choose under it in return for our fees described in it. (OMS, Sections 1-7)

N. If you participate in the Optional E-Signature Services Agreement, provide the service you choose under it in return for our fees described in it. (ORS, Sections 1-3)

O. Administer the System Development Fund (into which franchisees pay their System Branding Fees designated in Item 6).

System Development Fund

Franchisees' System Branding Fees may not be uniform among franchisees. We will direct all programs financed by the System Development Fund, with sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the programs. The System Development Fund may be used to pay the costs of preparing and producing video, audio, and written advertising materials; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; and supporting public relations, market research and other online, print, live format, other forms of advertising, promotion and marketing activities. The System Development Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling, and storage charges.

The System Development Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the System

Development Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the System Development Fund. In any fiscal year, we may spend on behalf of the System Development Fund, an amount greater or less than the aggregate contribution of all Medi-Weightloss® Businesses to the System Development Fund in that year, and the System Development Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the System Development Fund will be used to pay advertising costs before other assets of the System Development Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the System Development Fund and furnish the statement to you upon written request. We may use monies from the System Development Fund for the preparation materials intended to be used solely for franchise sales solicitations. We have the right to cause the System Development Fund to be incorporated or operated through a separate entity at such time as it deems appropriate, and the successor entity will have all of the rights and duties described in the Franchise Agreement.

The System Development Fund is intended to maximize recognition of the Marks and patronage of Medi-Weightloss® Businesses. Although we will endeavor to utilize the System Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all Medi-Weightloss® Businesses, we undertake no obligation to ensure that expenditures by the System Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the System Development Fund by Medi-Weightloss® Businesses operating in that geographic area or that any Medi-Weightloss® Business will benefit directly or in proportion to its contribution to the System Development Fund from the development of advertising and marketing materials or the placement of advertising. We assume no other direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing, or administering, the System Development Fund. We do not have sufficient data to disclose what percentage of the System Branding Fees may be used for direct (compared to indirect) franchise sales.

Franchisee contributions to the System Development Fund (System Branding Fees) may not be on a uniform basis, and we reserve the right to defer, increase (up to 2% of Gross Sales) or reduce contributions of a franchisee and, upon 30 days' prior written notice to you, to reduce or suspend contributions to and operations of the System Development Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the System Development Fund. The System Development Fund is not a trust and we do not owe any fiduciary obligation to you for establishing or administering the System Development Fund or for any other reason. If the System Development Fund is terminated, all unspent monies on the date of termination will be distributed to franchisees in proportion to their respective contributions to the System Development Fund (System Branding Fees) during the preceding 12 month period. We and our affiliates will contribute to the System Development Fund (pay System Branding Fees) on the same basis as franchise owners for any Medi-Weightloss® Businesses that we or our affiliates own or operate, but Licensed Businesses are not obligated to do so until they convert to franchises.

For the fiscal year ending December 31, 2022, we spent monies in the System Development Fund as follows: 7% on production, 70% on media placement/advertising, 11% on administrative expenses, and 12% on other miscellaneous uses (such as public relations). In 2022, we allocated an amount of employee compensation to administrative expenses based upon estimates provided by our accounting department.

The System Development Fund is not audited.

Your Local Marketing

Our “**Corporate Marketing Department**” serves as a resource for all Medi-Weightloss® Businesses. Currently, we publish an annual marketing and promotions calendar (on Advantage), share best practices (on MediNews), and develop and approve all advertisements and marketing material for Medi-Weightloss® Businesses. We aim to provide each Medi-Weightloss® Business with the tools they need to successfully

market and increase their patient base. But, it is the responsibility of each Medi-Weightloss® Business to determine its best local advertising strategy and plan, coordinate advertising with local vendors, request chosen advertisements through Advantage, and track performance. Our Corporate Marketing Department will provide extra support during Start-Up and Year 1 to help you meet all advertising deadlines and to advise your staff on our marketing policies and procedures. After review of your local market, competition, and marketing opportunities, a recommended Start-Up Marketing Campaign is developed as a starting point for each new Medi-Weightloss® Business. You are responsible for supplying local knowledge and must review the recommended Start-Up Marketing Campaign, developed based on meeting the minimum required marketing expenditure (according to our System Standards), prior to Initial Training. We may recommend that you hire a local advertising, marketing, or PR firm to research local marketing opportunities; this may be part of your Start-Up Marketing Campaign or recommended at a later date and can be included toward your Local Advertising expenditures. Our Corporate Marketing Department, based on your feedback, will finalize the plan.

We are not required to spend any specific amount or any amount on marketing in your Designated Area. You must conduct the Start-Up Marketing Campaign at your cost. You must spend an amount that we designate, which amount may range between \$3,000 and \$12,000. You must conduct the Start-Up Marketing Campaign during the period prior to and during the first 3 months your Business is open. The Start-Up Marketing Campaign utilizes the marketing and public relations programs and media and marketing materials we have developed or approved and may be provided by vendors we have designated or approved. We advise you on how to conduct the Start-Up Marketing Campaign to the extent and in the manner we designate. You are responsible for all marketing expenses in addition to the Start-Up Marketing Campaign.

We also expect that you will conduct other local marketing on your behalf. We may recommend that you hire a local advertising, marketing, or public relations firm to research local market opportunities. This can be included toward your Local Marketing expenditures. We also expect that your initial Other (optional) Local Marketing expenditures that are not part of the Start-Up Marketing Campaign, including signage, may range of between \$5,000 and \$10,000. You are obligated to spend annually for Local Marketing and promotion of the Medi-Weightloss® Business at least \$36,000 per Calendar Year determined on a semi-annual basis (\$18,000 per half year). We also recommend that you spend up to \$72,000 per year on local marketing (particularly if you are in a large metropolitan market). The Other Local Marketing expenditures count towards this requirement.

In addition, paid marketing, referrals, local networking, and community involvement will play a large part in your Business' success. You or your office manager should expect to spend a minimum of 2 hours per week outside of the office promoting your Business (example: referring medical practices, women's groups, networking, expos, corporate wellness presentations and chamber events). After your first year in business, you are required to create and submit your Local Marketing Plan to the corporate marketing department on an annual basis for review. You should also keep us updated on the performance and any changes to your Local Marketing Plan. In our Manuals, we may designate the vendors you must use in conducting local advertising/marketing, as well as the advertising and services to be provided by such vendors in conducting the local advertising. You must obtain telephone directory listings in the print or on-line "white and yellow pages" and in other print or online directories we designate (like "Yext®") in the size, frequency and manner we specify, displaying the Marks. We may review your books and records relating to your expenditures for such advertising and promotion. If we determine that you have not spent the requisite amounts, we may require you to pay the unexpended amounts into the System Development Fund.

Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted for approval before you use them. If you do not receive written disapproval within fourteen (14) days after we receive the materials, we will be deemed to have given the required approval. You may not use advertising or promotional materials that we have not previously

approved, nor may you use advertising or promotional materials that we have disapproved. We can terminate your agreement if you use unapproved or disapproved local advertising and promotional materials.

Local Marketing Cooperative

If a local advertising/marketing cooperative is established, you will be required to contribute to it an amount determined by that local advertising/marketing cooperative up to \$15,000 per calendar year. If other franchise owners operate in the market area serviced by the directories, then you must participate in and pay your pro rata share of the cost of such listings and advertising. We expect that if a cooperative is formed, there may be written governing documents to review, it will provide annual or periodic statements, and will be operated by the cooperative or a hired advertising agency. We have the right to require the cooperative to be formed, changed, or dissolved. We will permit you access to the payment and expenditure records of any cooperative to which you contribute. Our or our affiliates' outlets in that same area will participate on an equal basis and will contribute on an equal basis. We do not have a defined area for the cooperatives. They may vary based on industry standards for the media selected. We will allow local advertising/marketing cooperative contributions to count towards meeting your Local Marketing Expenditure obligations.

Our National Advisory Council

We welcome input of new ideas and solutions from franchisees. We have established a National Advisory Council (“NAC”) composed of franchisees who advise us on, among other things, advertising issues and policies that fall under our Marketing Standards. Other areas the NAC focuses on are System Standards and Medical Protocol & Standards. It is currently (as of the date of this Disclosure Document), comprised of 11 members, each of whom are to be from different franchises. In order to be selected to serve on the NAC, the applicant must be in compliance with all of its agreements with us. Our NAC serves in an advisory capacity only. At all times, we will have the right to have one representative on the NAC. If our franchise system grows to a point where we believe it is sufficient to allow elections to our NAC, we may do so. Amendments to the bylaws for the NAC, including those to form, change or dissolve it must be approved by us. We may terminate the NAC upon notice to its members.

Your Computer System

We currently require you to buy the Computer System, which includes and uses the hardware, software, printers, and communications equipment and services for the computer system we designate or approve. You must purchase and install at the Site and use the computer hardware and software programs that we designate. We estimate the cost of purchasing the Computer System that is not included in the Initial Package is \$1,500 to \$4,000.

Hardware: Currently, part of the Computer System consists of the following items included in the Initial Package: Printer/Label Maker – 1; USB Cable – 1; EKG Machine – 1; IMO-1; and Touchscreen Monitor – 2. Plus you must purchase two (2) Dell computers (or other brand we may designate), each with sufficient capabilities to operate with the Software we designate. Currently, the minimum standards for each computer are like the current version Core 2 duo processor (or better); 3+ GB of memory; 80 GB+ hard drive; DVD/CD drive, Speakers, keyboard and mouse. This criteria changes as the models are revised by Dell and due to technological needs and advancements.

Software: The software you must purchase or license may include our designated point of sale type software (with associated hardware), as well as our “Advantage” software, which aids in performing the following functions: record customer orders, customer names, addresses and other contact information; track inventory; generate bills and accounts receivable reports; record and process accounts payable; produce periodic financial reports, including delivered material sales analyses and salesperson performance reports. We currently only authorize you to use the Advantage software for these functions. We also offer optional use

of a centralized Zip Recruiter® site. You will pay fees if you utilize the optional Zip Recruiter® service (currently \$40 per month).

You must use this Computer System for online reporting of such sales and other information from your computer to us as required under the Franchise Agreement or Manual. You (and or the Practice or employed Physicians or Professionals or other Staff) also use it for client calendars and schedules, client demographics, marketing, Rx dispensing, inventory and management, body composition, billing, and accounting. For any time period during which the Computer System is not functioning properly, you agree to report such sales and other information by telephone to us no less frequently than each Accounting Period.

Computer System Software and Updates

The computer will also operate on a Microsoft Windows 7 Professional or Ultimate (if we permit) operating system as well as web browsing software capable of running Mozilla Firefox.

We do not require you to purchase these hardware or equipment items from any particular vendor other than items indicated as being supplied by Dell. We also provide with the Computer License/Proprietary Software Fee our proprietary EMR Software, and our Advantage Website (that is part of our website capabilities). Otherwise, neither we nor any of our affiliates has any contractual right or obligation to provide support, ongoing maintenance, repairs or upgrades for your computer system.

Upgrades and Maintenance: We anticipate ongoing Computer System maintenance will cost you \$500 to \$3,000 per year, but could be greater. At this time, we do not anticipate any specific annual cost for repairs, support or upgrades; however, you will be required to maintain your computer system in working order so that it can perform the functions required to operate according to our System Standards. In addition, we may require you in the future to make certain expenditures so that your computer system complies with our then-current requirements and so that you will be able to operate the business operating software approved for use in a Medi-Weightloss® Business. There are no contractual limitations on the frequency or cost of such computer modifications, other than we must use our business judgment in requiring any changes, additions, or modifications.

We may, in our discretion, require you to purchase upgrades to later generations of any software used, or a comparable alternative that we approve. There are no contractual limitations on the frequency or cost of any required updates or upgrades. We also reserve the right in the future to require you to replace the previously approved software with proprietary software that we may develop. In addition, if we implement a mandatory proprietary software system, we may require you to pay us a monthly software support and upgrade fee. We do not have an estimate of all of these fees, as they are currently unknown. However, currently, Quickbooks® is required.

Connectivity

You must obtain and install a high-speed Internet connection through a local internet service provider (for example, through DSL or cable modem) to your computer system at the site and maintain a valid e-mail address and account to which you have access and through which we may contact you, in addition to the e-mail address we assign you through our System. We have the right to independently access all information you collect or compile at any time without first notifying you, and you must give us password access to your Computer System to enable us to obtain such data.

Currently, we do not require any annual service or maintenance plans. We maintain the Advantage Website and the EMR Software included in the Royalty Fee. We also offer “Optimization” Services, which are optional.

Our System Standards require that you must provide all systems we require to bring your Computer System (including internet and mobile applications) online with our headquarters' computer and internet and

mobile application systems at the earliest possible time and to maintain this connection as we require. We may retrieve from your Computer System all information that we consider necessary, desirable, or appropriate. There are no contractual limitations on our right to access information contained and/or utilized via your Computer System. You must maintain your Computer System and keep it in good repair. There is no contractual limit on our ability to require you to upgrade the Computer System, add components to the Computer System and replace components of the Computer System. We cannot estimate the cost of maintaining, updating, or upgrading your Computer System or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time.

E-Commerce/Websites

We have the right to control all use of the URL's, domain names, websites, addresses, metatags, links, e-mail addresses and any other means of electronic identification or origin ("**e-names**"). We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chat rooms, e-mail, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, "**e-commerce**"). You must follow all of our policies and procedures for the use and regulation of e-commerce. You must implement industry standard security protocol (PCS Standards) for protection of customer and payment data.

Table of Contents of Our Manuals

The table of contents of our Manuals, as of the date of this disclosure document, are attached as Exhibit "N". Together, our Manuals total 811 pages, with the Operations Manual coming in at 170 pages, the New Franchisee Start-Up Manual at 104 pages, the Brand Manual at 83 pages, the Medical Provider Guidelines at 156 pages, the PowerPlay™ Medical Provider Guidelines at 205 pages, the Insurance Manual at 59 pages, and the MEDILIVING Manual at 34 pages.

Training

Before the Business opening, we will provide business operations training to your personnel, one of whom must be your owner, and another must include your on-Site Manager/ Sales Director and Medical Director ("**Owner/Manager Training**"). At least three (3) persons must complete the Owner/Manager Training. Approximately between two (2) and five (5) consecutive days of this training will be furnished at our designated training facility (currently in Tampa, Florida), through E-Learning, and/or at an operating Medi-Weightloss® Business. In addition to the training at our designated training facility, we will assign various Elearning Courses as Pre-Training and Post-Training requisites. You and your trainee employees must complete the initial training to our satisfaction. We have the right to require you to have additional staff members attend our initial training. You also must participate in all other activities required to operate the Medi-Weightloss® Business. Although we do not charge any additional fees for this training above and beyond the \$10,000 Training Fee that is due upon signing the Franchise Agreement, you are responsible for all travel, living and compensation expenses that you and your employees incur in connection with training ("**Training Expenses**") and must pay us any such Training Expenses we incur on your behalf. We offer additional mandatory training as needed and when we can schedule it, which is approximately two to three times per year. We are constantly in the process of evaluating and improving our training programs so they may change at any time. We do not charge additional fees for additional training.

Before your Business opens, we will furnish an initial medical training program lasting up to five (5) days for up to two (2) Physicians/Professionals and other employees or independent contractors working for

or in connection with your Business, at no additional charge if your Physicians and Professionals are employed by you (the "**Professional Training**") (but you are responsible for your expenses). The Professional Training lasts up to 5 days and may be furnished at our designee's designated training facility. At least one of your Physicians and at least one other Physician or other Professional is required to complete the Professional Training to our satisfaction. We, in our sole judgment, may require other employees or independent contractors employed by or working with you to complete the Professional Training to our and our designee's satisfaction.

We expect to provide the following training:

Owner/Manager Training (at our Training Facility)

TRAINING PROGRAM

ITEM 11 Owner/Manager Training Training Program			
(1) Subject	(2) Hours of Classroom Training	(3) Hours of On the Job Training¹	(4) Location
MWL Program – Various Dietary Programs	5-10	5-10	Our headquarters in Tampa, Florida or a location we designate
Operating Systems – Advantage, Public Website, Signature Patient Website, and Leads	2-4	2-4	Our headquarters in Tampa, Florida or a location we designate
EMR	5-10	5-10	Our headquarters in Tampa, Florida or a location we designate
Sales Training	2-5	3-5	Our headquarters in Tampa, Florida or a location we designate
Medical Guidelines*	1-3	1-2	Our headquarters in Tampa, Florida or a location we designate
Compliance & Pharmacy Management*	1-2	1-2	Our headquarters in Tampa, Florida or a location we designate
Supplements	1-2	2-7	Our headquarters in Tampa, Florida or a location we designate
Marketing	1-3	1-3	Our headquarters in Tampa, Florida or a location we designate
Business Operations & Financial Training	3-5	3-5	Our headquarters in Tampa, Florida or a location we designate
Interactive Exercise	1-2	1-2	Our headquarters in Tampa, Florida or a location we designate
TOTAL	22-46	24-50	

*Various aspects of the Training Program are provided as part of the Professional Training Program provided by us.

We have also added a separate on-line training program for training related to COVID-19, and our System Standards that relate to COVID-19 and other infectious disease. This training is provided through our Advantage System. These guidelines and System Standards are subject to change as the situation develops.

We expect that Owner/Manager Training and Professional Training will be conducted for you and your personnel (and/or the Practice's Physicians) after the Franchise Agreement has been signed and while the Medi-Weightloss® Business is being developed. Our training schedule is published in advance and offered as frequently as needed to remain flexible in scheduling training to accommodate our personnel, you, and your personnel. Training days may be up to twelve (12) hours in length. The "hours of classroom" or "on the job"

training overlap each other and the subjects are not distinctly separated during training. We also require your Physicians to obtain Professional Training from us or our designee. The following table summarizes the Professional Training Program provided by us or our designee. It is currently conducted in Tampa, Florida.

Professional Training (at our facility or a location we designate)

TRAINING PROGRAM

ITEM 11 Professional Training Training Program			
(1) Subject	(2) Hours of Classroom Training	(3) Hours of On the Job Training	(4) Location
Medical Guidelines	1-3	1-3	Our headquarters in Tampa, Florida, or a location we designate
TOTAL	1-3	1-3	

Included in the cost of the Franchise Fee is our provision of an “**Opening Team**” (currently, at least one person) for a time period as we may designate (currently, 2 to 4 days) to assist you with the opening of your Business. We may require additional Opening Team Members or additional days, and if you request additional days or Opening Team Members.

The Opening Team serves the dual role of assisting you and providing additional training. We require you, at your expense, to provide on-site meals and beverages for the Opening Team plus all of its travel and living expenses. We are not required to provide an Opening Team or other on-site training to you if you are a transferee of an existing Medi-Weightloss® Business. (But, transferees must attend training at their expense.) You are responsible for additional Training Expenses for your personnel.

Owner/Manager Training At Franchisee's Location (while the Opening Team is at the Medi-Weightloss® Business)

TRAINING PROGRAM

ITEM 11 Owner/Manager Training Training Program			
Subject	Hours of Classroom Training	Hours of On the Job Training¹	Location²
Program	0	16-48	Your site
Inventory	0	1-2	
Compliance	0	1-2	Your site
Customer Service	0	16-48	Your site
Marketing	0	1-2	Your site
Sales	0	8-16	Your site
Supplements	0	2-6	Your site
Office Procedures	0	8-16	Your site
Equipment & EMR	0	16-48	Your site
TOTAL	0	69-188	

*Currently, online.

1 It is the nature of the Medi-Weightloss® Business that all aspects of training are integrated; that is, there are no definitive starting and stopping times, although the training is accomplished consecutively over a one week training period.

2 The owner/manager training program is conducted and/or supervised by:

- Macklin Guzman, D.H.Sc., M.P.H. has approximately fifteen (15) years of operational experience. Dr. Guzman’s operational experience was derived by opening twelve clinics as well as working in the health care industry as a hospital administrator, clinical researcher & home health care director Dr. Guzman is a research scientist, principal investigator, and epidemiologist by training with a Master of Public Health degree in Health Policy and Management, and Epidemiology, and a doctoral degree in health sciences. Dr. Guzman has over ten (10) years of training experience derived from training clinic personnel and continuously training staff on clinical research, compliance, and new programs development.
- Gretchen San Miguel, MD has 16+ years’ experience in the field of medicine with strong interests in preventative medicine, education, and corporate operations. Prior to her arrival at Medi-Weightloss, she obtained her operational and training experience with the Florida Hospital System over a 13+ year period where she completed her residency in Family Medicine, fellowship in Geriatric Medicine, worked with Florida Hospital Waterman and Florida Hospital Medical Group in designing a practice from the ground up, dedicated to the care of adult and geriatric patients. She was engaged in teaching medical students as well as advanced nurse practitioners and physician assistants in the practice of adult/geriatric medicine with special attention to complex medical scenarios.
- Rhandi Guzzo holds a Bachelor of Science degree in Marketing and a Certified Franchise Executive (CFE) designation from the International Franchise Association (IFA). Rhandi has over thirteen (13) years of management and training experience derived from training corporate and franchisee staff members on Brand, marketing, public relations, and social media best practices and standard operating procedures. She has presented and conducted training on these topics at individual and system-wide levels across a variety of mediums, including live and web-based.
- Chandler Hedgepath joined the Medi-Weightloss® team after serving five (5) years in the United States Marine Corps. As a former Rescue Specialist in the Marines, he brings clinical experience as a paramedic and holds a Certified Franchise Executive (CFE) designation from the International Franchise Association (IFA). He has onboarded and opened over fifteen (15) clinics. Chandler has comprehensive knowledge of unit-level operations and our proprietary systems and has trained and presented on these topics for over six (6) years.

Training will be supervised by these instructors but may be conducted by other members of our staff or outside consultants.

3 Some states and municipalities also may require separate training before permitting the business to open. You should check your state and local laws.

You, your Manager/Medical Director and/or previously trained and experienced managers must attend any periodic refresher training courses that we provide from time to time and pay the applicable fees. You also will have to pay us for training new managers hired after the Medi-Weightloss® Business opening. The employee training program must be conducted by trainers who we have approved and have also satisfactorily completed our training. When training is onsite, you must provide an alternative training facility if we feel that construction or other distractions prevent us from satisfactorily performing the training on premises.

In the past twelve (12) months, approximately 99% of Medi-Weightloss® Businesses opted for E-Learning or Distance Training (webinars) and 23% have opted for in-person System Standards Training; 100% of new Medi-Weightloss® Businesses completed System Standards Training before opening. In Fiscal Year 2022, we continued live in-person System Standards Training with limited class sizes and COVID protocols. We also continued offering virtual self-paced System Standards Training and additional Distance Training. There were no special in-person training events held (such as regional meetings) due to the COVID-19 Pandemic. We did not charge our franchisees additional fees for Distance Training (E-Learning/webinars) or any other additional training in 2022.

ITEM 12 **TERRITORY**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we may own or control. You are not entitled to any rights of first refusal or options to acquire additional franchises or franchise territory.

Individual Medi-Weightloss® Businesses.

Site: The franchise is granted for a specific location that first must be approved by us (the “Site”). If the Site has not been selected at the time you sign your Franchise Agreement, it must be located in the “Site Selection Area” also designated in the Franchise Agreement. Site Selection Areas are usually the area within one or more zip codes. The number of zip codes used varies based on population, density of commerce and residential buildings, potential for available lease space and other factors like geographic or demographic data (including Census data and Google Maps) we use to determine and negotiate the Site Selection Areas. We may, at any time, change our sources for data used to determine Site Selection Areas. They are not uniform among franchisees. The Site Selection Area chosen for your Franchise Agreement will be listed on Exhibit A to your Franchise Agreement. We are not obligated to approve a Site because it is located in a Site Selection Area. Approval of Sites is based on our sole discretion. Once you select a Site, the Site Selection Area terminates (other than for relocation of the Site).

Designated Area: For your Site, we may (but are not required to) also designate an area called the “Designated Area.” If the Designated Area has not been designated or mutually negotiated at the time you sign the Franchise Agreement, it will be the area within a 2-mile radius around the Site. However, we will not usually approve the Site and Designated Area unless 100,000 people live or reside within the Designated Area or the surrounding area. For this purpose, the population includes residents, business invitees and employees, seasonal or temporary residents, transients, and tourists. We currently use Experian U.S. 2020 census data, but we also investigate and may use third party data sources.

If, at the time we approve your Site, the Designated Area is deemed by us in our sole judgment to have less than 125,000 persons residing in it, based on our then current System Standards and demographics software we chose, we will, increase your Designated Area to an area we deemed to have between 115,000 to 130,000 persons residing within that new Designated Area. The new Designated Area will encompass the original Designated Area plus any other configuration of additional contiguous geographic area we designate. The revised Designated Area need not be based on a radius (round) and may be irregular in shape. But, if we in our sole discretion notify you at the time you sign your Franchise Agreement that no such adjustment to the Designated Area will occur, we are not required to adjust your Designated Area as described above.

As long as you are in compliance with the Franchise Agreement, we will not grant a Medi-Weightloss® Business franchise for, nor ourselves operate, a Medi-Weightloss® Business from a fixed location within your Designated Area. If mutually negotiated, your Designated Area will be geographic areas that we designate. Your limited territory rights apply only to the Designated Area. No territory rights apply to

the Site Selection Area. While we may use demographic and market analysis services to assist us, we base it on our sole judgment. In instances, if we deem the area to be highly populated, (like a major city) or if you are seeking to acquire a single Medi-Weightloss® Business in an area we believe is more appropriate for Development Rights, we may not offer you any Designated Area.

Factors that influence our designation or grant of Site Selection and Designated Areas include the density of population, suitability for single unit franchise, proximity of the Site to the malls, shopping centers, business centers, industrial parks, airports, traffic count, speed of traffic, access to the Site, and competition in the Designated Areas. We have no obligation whatsoever to provide you a Designated Area with a certain minimum number of people.

We may establish other Medi-Weightloss® Businesses (franchised or owned by us) anywhere outside of the Designated Area that may or may not compete with your location.

Continuing your Franchise or territorial rights (Designated Area) does not depend on your achieving certain sales value, sales quotas, opening additional outlets, market penetration or other contingency (except, of course, your compliance with the Franchise Agreement).

Designated Areas Not Exclusive: You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we may own or control.

Area Development Rights.

If you participate in the Development Program, we will designate a “**Development Area**” for each Franchise Agreement you sign under the Area Development Addendum. The Development Area is the same as the Site Selection Area under the applicable Franchise Agreements, unless otherwise negotiated. Factors that influence the scope of the Development Area are the same as for Site Selection Areas. During the Development Schedule, that Development Area will be afforded the same protections as your Designated Area. In return for your agreeing to the Area Development Addendum, we agree to allow you to develop a specific number of Medi-Weightloss® Businesses in the Development Area and not to place another Medi-Weightloss® Business in your Development Area during the Development Schedule. Once you open each Medi-Weightloss® Business under the Development Addendum, the Development Schedule and the Development Area ceases to exist and your rights and protections are governed only by your Franchise Agreements as each relates to your Designated Area for each of your Medi-Weightloss® Businesses. If, under the Development Program, your Site Selection Area overlaps, we may modify your Site Selection Area once your Site is selected. We have sole discretion to do so. Each Development Area terminates as its corresponding Site Selection Area terminates. If you fail to meet the Development Schedule as set forth in the Area Development Addendum, we have the right to terminate your Area Development Addendum.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we may own or control.

Internet: We may designate and control all aspects of your digital marketing, like social media, text, and internet. You may not advertise independently on the Internet or the World Wide Web without our express prior written permission. We will maintain Medi-Weightloss® web pages that will include information regarding your franchise. We or our Approved Supplier will manage all pay per click campaigns for franchisees and all click campaigns will be directed to web pages approved and designated by us. You will be responsible for all costs associated with any pay per click campaigns. Self managed or third party vendors for pay per click services are not allowed. We may utilize any type of Internet, Intranet, e-mail, site or website or other means of electronic communication to offer or sell anywhere (even within your Designated Area), products and services bearing the Marks or Copyrights without any compensation to you. We may require you

to advertise using 1-800 or 1-877 type telephone numbers we designate or control and can distribute leads from them as we see fit.

Other Services: We may permit or require you to provide Other Services as described in the Franchise Agreement and our Manual. Other services are services not currently offered to be performed at Medi-Weightloss® Businesses which are related to the weight loss industry. For example, Other Services might include weight loss, nutritional, or weight management related catering, or services like smart lipo. If we do so, we will designate the areas in which you can provide the Other Services. You must not perform any Other Services outside of the areas we designate for them. We do not grant you any exclusive territorial rights to any areas for providing Other Services. Your offering of Other Services will be governed by your Franchise Agreement and you will be required to comply with our System Standards for offering any Other Services. And, we may charge you new or additional fees to offer the Other Services for the benefit of the Medi-Weightloss® Businesses and other System Businesses.

We have the right (but not the obligation) to establish a “**Corporate Wellness Accounts Program**” designed to address large or multi-location businesses (or groups of businesses) with multiple employees. A “**Corporate Wellness Account**” is a business or a group of businesses designated or approved by us to whom your Medi-Weightloss Business, another Medi-Weightloss® Business or another System Business will provide (at our discretion) the Medi-Weightloss® Program, and any Approved Products and Services we designate, to each business’s (or group of business’s) employees. We may require that the Medi-Weightloss Program and any Approved Products and Services, be offered to Corporate Wellness Accounts under special pricing structures designated by us. If we establish a Corporate Wellness Accounts Program, then you may participate if you satisfy our then-current qualifications. However, we are not obligated to solicit Corporate Wellness Accounts for you and you do not have the right to provide products or services to any particular Corporate Wellness Accounts, even if the Corporate Wellness Accounts are located within your Designated Area (if any). We may establish Corporate Wellness Accounts anywhere, including within your Designated Area (if any). We may do so without violating any of your territorial rights. The services and products provided by us, our affiliates, other franchisees, other Medi-Weightloss® Businesses and other System Business to a Corporate Wellness Account within your Designated Area will be deemed not to violate any territory rights you might have in that Designated Area and you will not receive any compensation from us.

Rights We Retain: Under the Franchise Agreement, we (and our affiliates) retain the right in our sole discretion to:

- (i) **Solicit prospective franchisees and grant other unit franchises, or other persons rights to operate an area development business or area representative businesses or other similar System Businesses, through national or regional advertising, trade shows or conventions, through the use of the internet, intranet, other forms of e-commerce or similar means;**
- (ii) **Grant licenses or franchises to others to operate a Medi-Weightloss® Business, or to own and operate a Medi-Weightloss® Business anywhere except at a site physically located in your Designated Area;**
- (iii) **Grant licenses or franchises to others to operate any System Businesses, or to own and operate a System Business ourselves or through affiliates, anywhere in the world, including at a site physically located in your Designated Area (subject to (ii) above);**

- (iv) **Sell, solicit, recruit and provide services for a Medi-Weightloss® Business, other System Businesses, or any franchised business not defined as a Medi-Weightloss® Business under the Franchise Agreement;**
- (v) **Sell Products and Services and any Ancillary Products and Services, and provide other Products and Services under the Marks or other trade names, trademarks, service marks and commercial symbols, through similar or dissimilar channels which are not accessible by Medi-Weightloss® Businesses or other System Businesses (like telephone, co-branded sites, or through alternative channels of distribution, mail orders, sites located within other retail businesses, intranet, web sites, wireless text, mobile communication device, email or other forms of e-commerce) for distribution within and/or outside of your Designated Area, and under any terms and conditions as we consider appropriate;**
- (vi) **Operate and implement Corporate Wellness Accounts and offer other services inside or outside your Designated Area, and anywhere;**
- (vii) **Solicit prospective franchisees, area representatives and area developers to own and operate businesses of any other kind or nature, anywhere; and**
- (viii) **Grant others the right to do any of the above, as approved by us in writing; and**
- (ix) **Engage in any act or exercise any rights not expressly provided to a franchisee under the Franchise Agreement.**

We are not required to pay you if we exercise any of the rights described above inside your Designated Area, or if we otherwise solicit or accept orders from consumers inside your Designated Area. We do not restrict you from soliciting or accepting orders from persons outside of your Designated Area for on-premises sales at the Site of your Business. You do not have the right to use Alternative Channels of Distribution, including the internet, catalog sales, telemarketing, or other direct marketing, to make sales where the products or services are provided outside of your Designated Area or at locations other than your Site.

You may not relocate the Medi-Weightloss® Business without our previous written approval. We will grant approval in most instances if you are in full compliance with your Franchise Agreement, have paid all money owed to us and our affiliates, and the proposed location meets our Site selection criteria, and you comply with the lease requirements in the Franchise Agreement. We may, if we wish, inspect your proposed new location and you must pay our costs due to your relocation and site evaluation fees.

Alternative Channels of Distribution: There are no limitations on our right to engage in alternative channels of distribution for any Products and Services. We and our affiliates may (and currently do) sell any Products or Services under the Marks (or other marks) both inside and outside of your Designated Area through any alternative channels of distribution other than the dedicated Medi-Weightloss® Businesses, including sales

through channels of distribution such as the internet, catalogue sales, internet marketing or other direct marketing sales ("**Alternative Channels of Distribution**"). We do not sell or license the Foundational Elements to enable another to establish a Medi-Weightloss® Business in your Designated Area.

We are in the process of developing System Standards related to Alternative Channels of Distribution made by Medi-Weightloss® Businesses inside and outside of the Designated Areas. However, we do not have formal policies at this time. Our reservation of rights, described above, allows us and our affiliates to use Alternative Channels of Distribution to make sales within and outside of your Designated Area of any products and services (other than selling or licensing the Foundational Elements) under trademarks which are the same, or which are different from the Marks that you will use under the Franchise Agreement.

We have a current program to identify customers and the Medi-Weightloss® Businesses we, in keeping with our then current System Standards, "associate" with that customer. We employ or may employ mechanisms to give credit to Medi-Weightloss® Businesses for purchases made by their associated customers for certain products. If we develop a non-medical supervised weight loss program under the same or similar marks, or other marks, we do not consider that to be a Competitive Business. These products and the amount we credit to them either in the form of waiver of fees due, credits towards optional training fees, commissions, or in the form of treating the transaction as their direct sale with a commission to us varies at any time and may vary among franchisees depending on the limitations of applicable laws. Any of these compensation methods are voluntary and optional on our part. If you participate in these voluntary programs, you will be required to follow our System Standards which will indicate, among other things, what items must be kept in inventory at your Medi-Weightloss® Business. We also are developing and investigating methods of implementing programs to allow you to use our centralized website to allow for purchases by your customers at your direction which would be treated as your direct sales (the website would serve as your on-line ordering and fulfillment resource). The System Standards for doing so, if any, will be published by us periodically in our Manuals and on-line.

We may use Alternative Channels of Distribution to make sales inside or outside of your Designated Area as described in our System Standards, which may be modified from time to time, and you will not receive any compensation for sales through Alternative Channels of Distribution unless we establish (and continue) a compensation program for doing so under our System Standards.

There are no limitations on our right to engage in Alternative Channels of Distribution for any Products and Services other than the sale or lease of the Foundational Elements to a Competitive Business in your Designated Area. Our System Standards may provide that we designate certain Products and Services as In-Office Products and Services, but we may change, alter, or discontinue that designation at any time. From time to time, we may, in our sole discretion, change, alter or amend the identity or re-categorize the Foundational Elements.

For purposes of the territorial protections granted to you, we treat Licensed Businesses and Company Owned Businesses the same as franchised Medi-Weightloss® Businesses. So, Foundational Elements (as opposed to Branded Products and Services) will only be sold to clients who are under physician supervision at Company-Owned Businesses, Licensed Businesses and Medi-Weightloss® Businesses.

A renewal (successor franchise) or transfer may require you or the transferee to accept a different Designated Area based on our then current policies.

Although we and our affiliates have the right to do so (as described above) (other than the Licensed Business and Exclusive Sales Representative Business), we and our affiliates do not operate and have not operated or franchised, and do not currently plan to operate or franchise other businesses selling or leasing similar products or services under different trademarks.

ITEM 13
TRADEMARKS

Primary Trademark

We grant you the right to use and require you to use certain trademarks, service marks and other commercial symbols in operating the Business. Our “Marks” under which the Medi-Weightloss® Businesses operate are the trademarks, service marks and other commercial symbols in the operation of Medi-Weightloss® Businesses, including the trade and service marks “MEDI-WEIGHTLOSS®” (design), “MEDI-WEIGHTLOSS®” (word mark), “THE ONE THAT WORKS!®”, “MEDI” and other associated logos, designs, symbols and trade dress, which have gained and continue to gain public acceptance and goodwill. We may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of Medi-Weightloss® Business which will also be our Marks. The principal trademarks we use are the “MEDI-WEIGHTLOSS®,” (wordmark) and other names, logos, symbols, and associated designs and trade dress.


Trademark Registration

Beginning in 2013 we implemented a program to modernize our Marks. We switched to marks that no longer use the word “clinics” as our primary marks. Medi IP, LLC has filed for registration for the following marks:

The principal Marks are listed in the table below. The following Marks are owned by our affiliate, Medi IP, and registrations for them have been registered on the Principal Register of the United States Patent and Trademark Office (the “PTO”):

Principal Trademarks:

Registered

Registration Number	Description of Mark	Principal or Supplemental Register of the United States Patent and Trademark Office	Registration Date
4,391,501 	Stylized triangle with Medi-Weightloss below	Principal Register	August 27, 2013
4,391,494	Stylized triangle with MEDI appearing to the right of triangle and word Weightloss appears below both	Principal Register	August 27, 2013
3,384,764	The one that works!® (wordmark)	Principal Register	February 19, 2008

There are no currently effective material determinations of the United States Patent & Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, cancellation or opposition proceedings or material litigation, involving the Marks. All affidavits or renewal applications due have been filed. There are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed in this section in manner material to the franchise.

We license each of the Marks listed above from Medi IP pursuant to a written license agreement with them. The parties to the agreement are Medi IP, as Licensor, and us and our affiliates PHM and MWLC, as Licensees. The initial term of the agreement extends through January 31, 2058, after which time it will renew automatically for five (5) consecutive ten (10) year successor terms. Under the license agreement, we have a non-exclusive, worldwide, unlimited, royalty-free right to use, license, franchise, and reproduce the Marks and use them in connection with operating, offering, advertising, promoting, selling, and franchising Medi-Weightloss® Businesses. We also have a non-exclusive, worldwide, unlimited, royalty-free right to use and reproduce the Marks in connection with providing services and satisfying obligations to any franchisees, licensees, or third parties. The agreement entitles us to enter into franchise relationships with other individuals and entities that shall be granted the right to use the Marks in the operation of Medi-Weightloss® Businesses and gives us the right to sue or take action to enforce our or Medi IP's rights with respect to current or past infringements of the Marks by third parties. The circumstances under which the license agreement may be canceled or modified include by the mutual written consent of us and Medi IP; by either party, if the other party is found guilty or pleads guilty or nolo contendere to a felony relating to services rendered and/or goods sold under the Marks; or by either party in the event (i) the other party files a petition in bankruptcy, (ii) the other party seeks the appointment of a receiver or trustee for all or a portion of the party's property, (iii) the other party makes an assignment for the benefit of its creditors, or (iv) the other party voluntarily dissolves or liquidates. Termination of the agreement by expiration or otherwise will not materially affect franchisees, as such termination will not release us from any obligations to franchisees/licensees or affect our ability to grant sublicense rights to franchisees that survive termination of the agreement.

You must follow our rules when you use the Marks. You cannot use any Mark as part of your corporate or legal business name. You cannot use any of the Marks with modifying words, designs or symbols (except for those we license to you). You cannot use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you may not communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. We have sole discretion to take any action (including no action) as we deem appropriate and the right to control exclusively any litigation, PTO proceeding or any other administrative proceeding arising from such infringement, challenge or claim or otherwise relating to any Mark. You must sign any instruments and documents, provide such assistance and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or PTO or other proceeding or otherwise to protect and maintain our interests in the Marks. The Franchise Agreement does not require us to defend the Marks or to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed to you by us or if the proceeding is resolved unfavorably to you.

One of our service marks which is not our principal trademark or service mark is PowerPlay™. We are aware of a prior user of the PowerPlay™ Mark in connection with children's fitness services. The prior user is the Houston Children's Museum, who registered an intent to use this mark prior to ours in Class 44. Medi IP also filed a registration for Class 44 for the PowerPlay™ Mark, serial number 77960204. That registration was suspended due to the Houston Children Museum's intent to use filing, and subsequent

registration. A final office action was issued by the PTO and the registration for Class 44 has been cancelled. Medi IP's other 2 registration applications for the PowerPlay™ Mark (Class 35 and Class 5), in classes for franchising and nutritional supplements, respectively, were not impacted by the PTO's suspension of Medi IP's application for the Class 44 mark. Our current policy is to not use PowerPlay™ for services in Class 44.

We will indemnify and defend you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Mark or Copyright we develop, pursuant to and in compliance with the Franchise Agreement, resulting from claims by third parties that your use of the Marks or Copyrights we develop infringes their trademark rights or Copyrights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of the Franchise Agreement. We will not indemnify you against the consequences of your use of the Marks, or any Copyrights: (a) for any Marks or other Copyrights which you develop or submit to us (regardless if they become, or have become our property); or (b) unless your use of such Marks or Copyrights we provide was and is in accordance with the requirements of the Franchise Agreement. You must provide written notice to us of any such claim within ten (10) days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and, if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney(s) retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. We are not responsible to you for any other claims of any nature arising out of or related to the Copyrights, regardless of whether the loss associated is by you, any of your customers or third parties.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. If so, we will reimburse you for your reasonable direct expenses of changing the Business' signs. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

Other than as described above, we do not actually know of either superior prior rights or infringing uses that could materially affect your use of our principal trademarks in any state.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the franchise that are owned or licensed by us. The pharmaceutical patents on the medications that make up the Medi-Weightloss® Program are important, but are not owned by us or our affiliates and we do not have any formal patent license for them. Neither we nor our parent have any pending patent applications that are material to the franchise.

We claim copyrights in the Manual, the building/clinic design, the interior decor and all copyrightable aspects of the Medi-Weightloss® Program, the websites (including the Advantage Website and www.mediweightloss.com), our proprietary EMR Software, Art, advertising materials and related items used in operating the franchise. We have obtained copyrights for the following:

Item	Copyright No.	Date of Publication
Medi-Weightloss website	TX 0007065813	April 1, 2009
Medi-Weightloss Patient Guide 2009	TX 0007065892	April 1, 2009
Medi-Weightloss New Patient Packet	TX 0007176698	January 1, 2010

Item	Copyright No.	Date of Publication
Medi-Weightloss Patient History Form	TX 0007240023	April 30, 2008
Medi-Weightloss Patient Registration Form	TX 0007239612	April 30, 2008

Except as described above, these copyrights have not been registered with the United States Registrar of Copyrights.

The Manuals, which are described in Item 11, and other materials we possess contain our confidential information. This information includes site selection criteria; methods, formats, specifications, standards, systems, procedures and sales and marketing techniques used, and knowledge of and experience, in developing and operating Medi-Weightloss® Businesses; marketing and advertising programs for Medi-Weightloss® Businesses; knowledge of specifications for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies; and knowledge of the operating results and financial performance of Medi-Weightloss® Businesses other than your Medi-Weightloss® Business.

All ideas, concepts, techniques or materials relating to a Medi-Weightloss® Business (including, for example, architectural layouts, designs, plans and decor), whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, must be promptly disclosed to us, will be considered our property and part of our franchise system and will be considered to be works made-for-hire for us. You and your owners must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others. We may require your employees, independent contractors or agents to sign a form of nondisclosure and non-competition agreement. We may regulate the form of agreement that you use and may require that we be made a third party beneficiary of that agreement with independent enforcement rights.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect which significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, there are no infringing uses actually known to us which could materially affect a franchisee's use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when this action is in the best interests of the Medi-Weightloss® Business system. We need not participate in your defense and/or indemnify you for damages or expenses in proceedings involving a copyright or patent.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL
OPERATION OF THE FRANCHISE BUSINESS

You must at all times exert your best efforts to operate, promote and enhance the Medi-Weightloss® Business and not engage in any other business or activity that conflicts with your obligations to operate the Medi-Weightloss® Business in compliance with the Franchise Agreement. Either you, or one of your owners (with ownership of at least 10% of your voting securities if you are a business organization (like a corporation, limited liability company or limited partnership)) (a “**Business Entity**”) must meet our qualifications for Medi-Weightloss® Business managers and participate personally in the direct operation of the Medi-Weightloss® Business.

The Medi-Weightloss® Business must be managed by a full time general manager and one other management level employee who both have satisfactorily completed our initial training. You or one of your owners may fill one of these two (2) positions. Each of those individuals (one of which must be an owner with at least a 10% ownership interest) must meet our qualifications for “**Business Managers**”. Either you or a Business Manager must be at the Site at all times when the Medi-Weightloss® Business is open. You must have at least one Physician either on site or on call depending on your state’s medical laws. It may be necessary for your Physician(s) to be your owners.

Our current qualifications for Business Managers are that they: (i) have a sufficient amount of experience managing and operating full service Businesses (in terms of duration, operational responsibilities, previous training) as a general manager or in a similar supervisory position to demonstrate to us that he is capable of managing a Medi-Weightloss® Business; (ii) have management responsibility and authority over the Business on a day-to-day basis; (iii) be actively employed on a full-time basis to manage the Medi-Weightloss® Business' operations; and (iv) satisfactorily complete our initial training program and any other training programs we require during the term of your Franchise Agreement.

To the extent permitted under applicable law, we require your owners, employees and the employees of physician professionals, you or the Practice's employees to sign Confidentiality and Non-Solicitation and Non-Competition Agreements with you or the Practice that lists us as a third party entity. You will need to have these prepared by your attorney and ensure that they impose the same restrictions as are provided under the Franchise Agreement and MPMA.

If you are a Business Entity, your owners must not only personally guarantee your obligations under the Franchise Agreement but they also must agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. If you are owned by a trust, or if your owners are owned by one or more trusts, the trusts and the beneficiaries of the trusts must sign the Owners’ Guaranty. The form of “**Owners’ Guaranty**” is attached as Exhibit “F”. We require you to complete an “**Owners’ Statement**” (attached as Exhibit “E”). The Owners’ Statement describes all of your owners and their interests in you. Under the Owners’ Statement, we require you to identify one owner/person who has full authority to enter into agreements with us on your behalf and with whom we may direct our efforts to communicate. We do not require any spouse who is not a party to the Agreement to execute the Owners’ Guaranty.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale through the Medi-Weightloss® Business all products, and perform all services, that we require from time to time for Medi-Weightloss® Businesses. Unless you follow the rules for the Adolescent Program, you must not offer or sell any Products or Services to persons under 18 years of age or otherwise perform any Services through the Medi-Weightloss® Business or provide Products to persons under 18 years of age. You may not offer for sale any products or perform any services through the Medi-Weightloss® Business that we have not authorized. You must offer and sell products and services through the Medi-Weightloss® Business we authorize by means of registering each sale through the EMR system. Our System Standards may regulate required or authorized products, product categories and supplies for the Medi-Weightloss® Business. We have the right to change the types of required and/or authorized goods and services from time to time. Other than limits imposed by applicable laws, rules and regulations relating to Physicians’ or Professionals’ independent medical judgment and other laws governing health care providers, there are no limits on our right to do so. Our requirement that you comply with applicable laws and requirements of insurance carriers to revenue reimbursement for covered services may limit your ability to seek reimbursement from the carrier if you do not comply with applicable law or the insurance carrier’s requirements.

We do not impose restrictions or limitations on your access to customers other than marketing outside your Designated Area and rules for Corporate Wellness Programs. We may distribute leads generated by the System Development Fund as we see fit. But, we prohibit or limit your use of Alternative Channels of Distribution. We may designate maximum and minimum retail prices to the extent permitted by governing law.

You are obligated to comply with all modifications to System Standards within the time period we specify. We will not obligate you to make any Capital Modifications if such Capital Modifications require (a) an expenditure of more than \$25,000.00 after your opening date in any individual year of the Term or (b) an aggregate expenditure of more than \$100,000.00 over the course of the entire Term. You are obligated to comply with all other modifications to System Standards within the time period we specify, but we will provide you 90 days to make Capital Modifications following our notice to you.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Unit Franchise Program.

ITEM 17		
FRANCHISE RELATIONSHIP		
Unit Franchise and Practice Management Program		
Provisions	Section in Agreement	Summary
(a) Length of the Term	Section 3 of Franchise Agreement; Section 6 of Optional Recruiting Services Agreement (“ORS”).	10 years ORS Term is 30 days for services, 6 months for mailing lists.
(b) Renewal or extension of the term	Section 3 of Franchise Agreement; Section 7 of Area Development Addendum (“ADA”).	If you are in good standing, you can acquire 4 successor franchises for additional 5-year terms on our then current terms and conditions. There is no right to renew or extend the Development Schedule under the ADA.
(c) Requirements for you to renew or extend	Section 3 of Franchise Agreement	You must: Maintain Site or secure substitute Site; bring your Medi-Weightloss® Business into compliance with our then current specifications and standards; sign new Franchise Agreement and ancillary agreements, general releases; satisfactorily complete training and refresher programs; pay fee; and sign a general release in the format attached as Exhibit "G" to this Disclosure Document. You will be asked to sign a contract (Franchise Agreement) with material terms and conditions of your original contract, and the boundaries of the Designated Area may not remain the same, and the Royalty Fee upon renewal will not be greater than the Royalty Fee that we then impose on similarly situated renewing franchisees. By entering into a

ITEM 17
FRANCHISE RELATIONSHIP
Unit Franchise and Practice Management Program

Provisions	Section in Agreement	Summary
		successor Franchise Agreement, you must sign a contract that may have materially different terms and conditions from the original contract.
(d) Termination by you	Section 16.1 of Franchise Agreement; Section 3 of ORS; Section 9 of OMS.	If we breach the agreement and do not cure the breach after 60-days' notice from you, you may terminate 60 days after you provide us with written notice of termination. Provisions regarding termination of the Franchise Agreement and/or Area Development Addendum by the franchisee are subject to state law. ORS and OMS: You may terminate for any reason with 30 days' notice.
(e) Termination by us without cause (1)	Not applicable.	Not applicable.
	Section 3 of ORS; Section 9 of OMS.	The ORS and OMS may be terminated at any time for any reason.
(f) Termination by us with cause (1)	Section 16.2 of Franchise Agreement; Sections 4 & 5 of the ADA.	We can terminate only if you commit one or more of several violations. We can terminate the ADA and its Development Schedule if you do not meet the Development Schedule or you breach the Franchise Agreement.
(g) "Cause" defined - defaults which can be cured	Sections 16.2 and 16.3 of Franchise Agreement	You have 5 days to cure health, safety or sanitation law violations, 10 days to cure monetary defaults to us or approved suppliers, 30 days to cure noncompliance with any provision other than Section 16.2 of the Franchise Agreement or the System Standards.
	Section 4 of Medical Practice Management Addendum ("MPMA")	If the Practice causes the Medi-Weightloss® Business to break the Franchise Agreement.
(h) "Cause" defined - non-curable defaults	Section 16.2 of Franchise Agreement	Non-curable defaults include material misrepresentation or omission, failure to complete training, failure to lease or purchase the Site within 120 days of the Agreement Date, failure to commence construction of the Medi-Weightloss® Business within 90 days after approval of the Site (unless an extension is granted), abandonment, unapproved transfers, conviction of or a plea of no contest to, a felony or other serious crime, dishonest or unethical conduct, unauthorized assignment of the Franchise Agreement or of an ownership interest in you or the Business, loss of the Site, unauthorized use or disclosure of the Manual or confidential information, failure to pay taxes, repeated defaults (even if cured), an assignment for the benefit of creditors or written admission of insolvency or inability to pay debts as they become due, you or your owners' failure to cure a breach of the Franchise Agreement or any other agreement with us or our affiliate within the cure period specified.

ITEM 17
FRANCHISE RELATIONSHIP
Unit Franchise and Practice Management Program

Provisions	Section in Agreement	Summary
	Section 4 of MPMA	If the Practice causes the Medi-Weightloss® Business to break the Franchise Agreement.
	Section 13 of the MEDILIVING ADDENDUM	Breach of the MEDILIVING Addendum is a breach of the Franchise Agreement.
(i) Your obligations on termination/non-renewal	Section 17 of Franchise Agreement; Lease Assignment; Conditional Assignment	Obligations include payment of outstanding amounts, complete de identification and return of confidential information (also see (r) below). The Conditional Assignment of Telephone Numbers and Listings (the “Conditional Assignment”) is attached as an Exhibit to the Franchise Agreement. The Conditional Assignment requires you to transfer the phone number and listings for your Business to us if the Franchise Agreement terminates or expires.
	Section 4 of MPMA	Obligations include ceasing your Practice’s weightloss business.
(j) Assignment of contract by us	Section 15.1 of Franchise Agreement	No restriction on our right to assign.
(k) “Transfer” by you-definition	Section 15.2 of Franchise Agreement	Voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Franchise Agreement, you or the Business or any Business Entity that is one of your owners.
(l) Our approval of transfer by you	Section 15.2, 15.3 and 15.4 of Franchise Agreement.	We have the right to approve all transfers, even to a Business Entity controlled by you. We have the right under our System Standards to share your financial information with prospective transferees.
(m) Conditions for our approval of transfer	Section 15.3 of Franchise Agreement	New franchisee qualifies, you pay us all amounts due, transferee and its managerial employees agree to complete training, transferee signs our then-current form of franchise agreement and related documents, Transfer Fee paid, we approve material terms, you subordinate amounts due to you, and you sign other documents we require - including general releases in the form provided in Exhibit "G" (also see r below).
(n) Our right of first refusal to acquire your business	Section 15.8 of Franchise Agreement	We can match any offer for an ownership interest in you, your Franchise Agreement or your Business provided that we may substitute cash for any form of payment at a discounted amount if an interest rate will be charged on any deferred payments, our credit will be deemed equal to that of any proposed purchaser, we will have no less than 60 days to prepare for closing and we receive all customary representations and warranties, as we specify.

ITEM 17
FRANCHISE RELATIONSHIP
Unit Franchise and Practice Management Program

Provisions	Section in Agreement	Summary
(o) Our option to purchase your business	Section 17.7 of Franchise Agreement	We have the option to buy the Business (including leasehold rights to the Site), at fair market value after our termination, or your termination without cause, of the agreement (but not expiration). We have the option to buy your Business at an agreed valuation of EBITDA if: (i) the sale of all or substantially all of our assets to an unaffiliated third party; (ii) the sale or exchange of more than 50% of our total issued and outstanding equity securities to an unaffiliated third party; (iii) a merger or consolidation of us with or into an unaffiliated third party in which neither we nor our affiliates obtain or maintain a controlling voting interest; (iv) any public offering, pursuant to a registration statement under the Securities Act of 1933, as amended, or successor statute (the " Securities Act "), of any of our capital stock or the effectiveness of a registration statement for the initial public offering of our equity securities (an " IPO "); or (v) the sale, conveyance, exchange or assignment by our shareholders in one transaction or series of related transactions, of 50% or more of our outstanding capital stock to persons who, prior to such sale, did not own more than 25% of our outstanding stock.
(p) Your death or disability	Sections 15.5 and 15.6 of Franchise Agreement	Franchise or an ownership interest in you must be assigned to an approved buyer within 6 months and must be run by a trained manager during the period prior to the assignment. Assignment is subject to our right of first refusal.
(q) Non-competition covenants during the term of the franchise	Section 10 of Franchise Agreement	No direct or indirect interest in a competitive business, no ownership interest in, marketing or offering products or services for or performance of services for, a competitive business anywhere. A "competitive business" is any business or facility owning, operating, managing or granting franchises or licenses to others to do so, any business that provides, markets or sells health, nutritional, wellness, obesity treatment, weight loss or weight management products or services, Practice Management Services, Other Services or any Product or Services that is the same or similar to those offered by Medi-Weightloss® Businesses, including any business that offers, sells or advertises "wellness," "weight management," "weight loss," or "weight control" products or services.
(r) Non-competition covenants after the franchise is terminated or expires	Section 17.6 of Franchise Agreement	No interest in competing business for 2 years at, or within 25 miles of, the Site or within 25 miles of any other Medi-Weightloss® Business or its, or your, Designated Area in operation or under construction (same restrictions apply after assignment). In Georgia, no interest in competing business for 2 years at, or within 25 miles of, the Site or within the Designated Area or through the Practice (same restrictions apply after assignment). (For clarification, 25 miles from a Site means a 25-mile straight-line radius—as the "crow flies").
	Section 4.4 of Medical Practice Management Addendum	No interest in competing business for 2 years at or within the Designated Area; within the Designated Area of any other Medi-Weightloss® Businesses within 25 miles of any Site or any other Medi-Weightloss® Business or its, or your, Designated Area in operation or development (same restrictions apply after assignment). Physician Liquidated Damages also apply. (See previous tables) In

ITEM 17		
FRANCHISE RELATIONSHIP		
Unit Franchise and Practice Management Program		
Provisions	Section in Agreement	Summary
		Georgia, no interest in competing business for 2 years at, or within 25 miles of, the Site or in the Designated Area. (For clarification, 25 miles from any point means a 25-mile straight-line radius—as the “crow flies”).
(s) Modification of the agreement	Section 20.13 of Franchise Agreement; Sections 15.1, 15.2 and 15.13 of Medical Practice Management Addendum; Sections 13 and 15 of OMS; Sections 7 and 9 of ORS; Section 8 of the ADA.	No modifications except by written agreement, but Manuals and System Standards are subject to change.
(t) Integration/merger clause	Section 20.13 of Franchise Agreement; Section 8 of the ADA.	Only the terms of the Franchise Agreement (including the Manual, System Standards, addenda and exhibits) are binding (subject to state law). Any other statements or promises not in the Franchise Agreement, the agreements which are exhibits to this disclosure document, or in this Disclosure Document may not be enforceable. Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside this disclosure document and Franchise Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Not applicable.	Mediation or arbitration not required under the Franchise Agreement.
(v) Choice of forum	Section 20.8 of Franchise Agreement; Section 6 of ORS; Section 12 of OMS.	In general, litigation in Hillsborough County, Florida (*subject to state law). But, for Illinois and Minnesota franchisees, litigation in Illinois and Minnesota, respectively.
(w) Choice of law	Section 20.7 of Franchise Agreement	In general, Florida law applies (*subject to state law). But, in Illinois, Illinois law applies. In Minnesota, Minnesota law applies.

A provision in your Franchise Agreement that terminates the franchise on your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

This Item 19 presents information about the historical financial performance of certain franchised Medi-Weightloss® Businesses during our fiscal year period from January 1, 2022 to December 31, 2022 (“**Fiscal Year 2022**”). This Financial Performance Representation does not include data for company-owned Medi-Weightloss® Businesses or Licensed Businesses.

There were 76 franchised Medi-Weightloss® Businesses operating as of December 31, 2022. Of those 76 franchised Medi-Weightloss® Businesses, 8 opened during Fiscal Year 2022 and are excluded from the below financial performance representations. We have also excluded from the below financial performance representations the 4 franchised Medi-Weightloss® Businesses that closed during Fiscal Year 2022 (1 of which was open for less than 12 months). We call the remaining 68 franchised Medi-Weightloss® Businesses the “**Covered Businesses.**” Fifty-four of these Covered Businesses reported the following cost information to us in a format we deemed to be sufficiently reliable on a comparative basis: Cost of Goods Sold (defined below), Total Compensation, Benefits & Payroll Taxes (defined below), Rent (defined below), Local Advertising & Marketing (defined below) and Selected Operating Expenses (defined below) for our Fiscal Year 2022. We call these 54 Covered Businesses the “**Reporting Businesses.**”

The following financial performance representations reflect: (1) the Average Gross Sales, Gross Profit and the Net Income Before Other Expenses for the Reporting Businesses during Fiscal Year 2022, and (2) the Average Gross Sales for the Covered Businesses during Fiscal Year 2022. We previously offered Co-Location sites between 2019 and 2023. We no longer offer the Co-Location site program and there are no Co-Location sites in our franchise system. Therefore, the data below is not derived from any franchises under the former Co-Location site program.

1. Average Gross Sales, Gross Profit and the Net Income Before Other Expenses for the Reporting Businesses during Fiscal Year 2022

A. *The Top 1/3 of Reporting Businesses (18 Reporting Businesses)*

The following table reflects the average Gross Sales, Gross Profit and Net Income Before Other Expenses for the 18 Reporting Businesses with Gross Sales in the top 1/3 of all Reporting Businesses.

1/1/2022-12/31/2022 Top Tier Financial Statement Performance				
18 Reporting Businesses				
	Average	Ratios (%)	# Above Average	Median
Gross Sales	\$ 1,466,958	100.00%	8 15%	\$ 1,309,586
<i>*(High \$2,388,780 ; Low \$995,022)</i>				
Total Cost of Goods Sold	\$ 293,091	20%	8 15%	\$ 280,454
Gross Profit	\$ 1,173,867		9 17%	\$ 1,095,737
<i>% of Gross Sales</i>	80%		35 65%	81%
Selected Operating Expenses				
Compensation, Benefits, & Payroll Taxes	\$ 564,034	38%	8 15%	\$ 515,716
Rent	\$ 71,274	5%	8 15%	\$ 66,732
Local Advertising/Marketing	\$ 123,206	8%	9 17%	\$ 90,250
Total Selected Expenses	\$ 758,514	51%	8 15%	\$ 711,156
Royalty Fees	\$ 132,727	9%	10 19%	\$ 141,667
Net Income Before Other Expenses	\$ 270,268		10 19%	\$ 272,791
<i>% of Gross Sales</i>	19%		21 39%	20%

B. All 54 Reporting Businesses

The following table reflects the average Gross Sales, Gross Profit and Net Income Before Other Expenses for all 54 Reporting Businesses.

1/1/2022-12/31/2022 Financial Statement Performance				
54 Reporting Businesses				
	Average	Ratios (%)	# Above Average	Median
Gross Sales	\$ 840,636	100.00%	2 4%	\$ 705,885
<i>*(High \$2,388,780 ; Low \$131,735)</i>				
Total Cost of Goods Sold	\$ 161,458	19%	19 35%	\$ 132,934
Gross Profit	\$ 679,606		20 37%	\$ 567,316
<i>% of Gross Sales</i>	81%		27 50%	81%
Selected Operating Expenses				
Compensation, Benefits, & Payroll Taxes	\$ 340,698	43%	19 35%	\$ 289,562
Rent	\$ 46,732	6%	25 46%	\$ 43,532
Local Advertising/Marketing	\$ 65,754	7%	20 37%	\$ 55,360
Total Selected Expenses	\$ 456,517	56%	21 39%	\$ 408,937
Royalty Fees	\$ 86,485	11%	23 43%	\$ 80,917
Net Income Before Other Expenses	\$ 128,299		23 43%	\$ 85,111
<i>% of Gross Sales</i>	14%		30 56%	16%

C. Bottom 1/3 of Reporting Businesses (18 Reporting Businesses)

The following table reflects the average Gross Sales, Gross Profit and Net Income Before Other

Expenses for the 18 Reporting Businesses with Gross Sales in the bottom 1/3 of all Reporting Businesses.

1/1/2022-12/31/2022 Bottom Tier Financial Statement Performance				
18 Reporting Businesses				
	Average	Ratios (%)	# Above Average	Median
Gross Sales	\$ 344,506	100.00%	43 80%	\$ 319,732
<i>*(High \$551,988 ; Low \$131,735)</i>				
Total Cost of Goods Sold	\$ 64,103	18%	44 81%	\$ 60,515
Gross Profit	\$ 280,403		44 81%	\$ 253,802
	<i>% of Gross Sales</i>	82%	26 48%	82%
Selected Operating Expenses				
Compensation, Benefits, & Payroll Taxes	\$ 170,824	49%	47 87%	\$ 177,575
Rent	\$ 26,470	7%	41 76%	\$ 26,709
Local Advertising/Marketing	\$ 19,969	6%	40 74%	\$ 16,913
Total Selected Expenses	\$ 217,264	62%	43 80%	\$ 199,252
Royalty Fees	\$ 44,583	13%	43 80%	\$ 41,875
Net Income Before Other Expenses	\$ 12,195		46 85%	\$ 21,800
	<i>% of Gross Sales</i>	6%	40 74%	6%

2. Average Gross Sales for the Covered Businesses during Fiscal Year 2022

A. All 68 Covered Businesses

Number of Covered Businesses	Average Gross Sales	#/% of Covered Businesses Above Average Gross Sales	Median Gross Sales	High	Low
68	\$808,963	26/38%	\$690,195	\$2,388,780	\$131,735

B. Covered Businesses Operating in Shared Space vs. Non-Shared Space

The following table compares the average Gross Sales of Covered Businesses operating from locations at which the public would have no reason to perceive the space as being shared with another medical practice (“**Non-Shared Space**”) with the average Gross Sales of Covered Businesses operating from locations at which the public would have reason to perceive the space as being shared with another medical practice (“**Shared Space**”). Out of the 68 Covered Businesses, we determined 17 were Shared Space and 51 were Non-Shared Space. In making this determination, we considered important characteristics of the location and/or business, such as shared entrances, waiting rooms, check-in counters, and/or staff.

	Number of Covered Businesses	Average Gross Sales	#/% of Covered Businesses Above Average Gross Sales	Median Gross Sales	High	Low
Shared Space	17	\$473,864	6/35%	\$339,619	\$1,118,954	\$131,735
Non-Shared Space	51	\$920,662	21/41%	\$759,567	\$2,388,780	\$260,637

3. Notes to Financial Performance Representations for Fiscal Year 2022

A. The dollar figures in the tables above reflect the average and median dollar amounts for the data set reported in each applicable table. The information presented under “**Ratios (%)**” reflects the average dollar amount as a percentage of Gross Sales. The columns labeled “**# Above Average**” reflects the actual number (also expressed as a percentage) of franchised Medi-Weightloss® Businesses in the reporting data set that met or exceeded the corresponding average dollar amount.

B. “**Gross Sales**” has the same meaning as "Gross Sales" and "Adjusted Gross Sales" in Item 6 and the Franchise Agreement. For the Covered Businesses (which includes the Reporting Businesses), we use the Gross Sales figures that the Covered Businesses reported to us via either Quickbooks® Software or hard copy reporting voluntarily submitted to us.

C. “**Gross Profit**” means Gross Sales minus Cost of Goods Sold.

D. “**Cost of Goods Sold**” means the cost of labs, medications, medical supplies, supplements, injections, program materials, insurance billing, credit card fees, sales tax, and shipping and handling. For the Reporting Businesses, we use the Costs of Goods Sold figures that the Reporting Businesses provided to us via either Quickbooks® Software or hard copy reporting voluntarily submitted to us.

E. “**Selected Operating Expenses**” means the sum of Rent, Local Advertising & Marketing, and Total Compensation, Benefits & Payroll Taxes.

F. “**Total Compensation, Benefits & Payroll Taxes**” means the sum of employee contract fees, employee health benefits, employee welfare benefits, incentive compensation, Medical Director salary, payroll expense adjustments, staff salaries and temporary services, employer FICA/Medicare, employer FUI, and employer SUI. In instances where franchise owner compensation was reported as an itemized expense within this category, we excluded that compensation from Total Compensation, Benefits & Payroll Taxes. This figure does not cover all employee-related costs associated with operating a franchised Medi-Weightloss® Business. For example, this figure does not include the cost of education, seminars, professional liability and workers compensation insurance, recruiting/staffing services, payroll processing fees, uniforms, and travel. For the Reporting Businesses, we use the Total Compensation, Benefits & Payroll Taxes figures that the Reporting Businesses provided to us via either Quickbooks® Software or hard copy reporting voluntarily submitted to us.

G. “**Rent**” means the cost of rent, common area maintenance, and any other fees paid to the landlord. For the Reporting Businesses, we use the Rent figures that the Reporting Businesses provided to us via either Quickbooks® Software or hard copy reporting voluntarily submitted to us.

H. “**Local Advertising & Marketing**” means the costs associated with media placement, promotional items, and production of materials used by Medi-Weightloss® Businesses. It does not include the System Branding Fee described in Item 6. For the Reporting Businesses, we use the Local Advertising & Marketing figures that the Reporting Businesses provided to us via either Quickbooks® Software or hard copy reporting voluntarily submitted to us.

I. “**Net Income Before Other Expenses**” means Gross Sales minus the sum of Cost of Goods Sold, Selected Operating Expenses, and Royalty Fees.

J. There are a number of other costs and expenses that franchised Medi-Weightloss® Businesses may incur that are not included in the calculations to determine Gross Profit and Net Income Before Other Expenses. Some of these costs and expenses include, for example, professional services, liability and property insurance premiums, business licenses and permits, office supplies, and business taxes. You should consider these and all other costs and expenses that you will incur when creating a business plan for your franchised Medi-Weightloss® Business.

K. The data disclosed in these financial performance representations are averages of the data reported by the franchisees who have data included in this Item 19. We have not audited or reviewed the franchisees’ financial records in compiling this information, and there are no assurances that generally accepted accounting principles were used by the franchisees or that some franchisees accounted for a category of data differently from another.

L. The group of 68 Covered Businesses sell similar products and services to what you will sell from your franchised Medi-Weightloss® Business, are in 22 different states (with the majority operating in Florida (11), Massachusetts (8), and Connecticut (7)) and have been in operation between 13 and 200 months. The group of 54 Reporting Businesses also sell similar products and services to what you will sell from your franchised Medi-Weightloss® Business, are in 19 different states (with the majority operating in Florida (10), Massachusetts (7), and Texas (5)) and have been in operation between 13 and 200 months. As we describe in Section 2.B above, some of the Covered Businesses operate in a Shared Space (17) and some operate in a Non-Shared Space (51) and those terms are defined above. While we do not have square footage data for Covered Businesses that operate in a Shared Space (because the Medi-Weightloss® Business operates from an already existing business), Covered Businesses that operate in Non-Shared Spaces are typically 1,200 to 3,500 sq. ft. in size.

M. All figures used in determining the data included in this financial performance representation are on file and available upon request. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Some Medi-Weightloss® Businesses have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

Other than the preceding financial performance representations, we do not make any representations about a franchisee’s future financial performance or the past financial performance of any company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Derek Kaloust, our General

Counsel, at 509 S. Hyde Park Ave., Tampa, FL 33606 (813) 228-6334, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2020 to 2022*

MEDI BUSINESS FRANCHISES

ITEM 20 Table No. 1 MEDI BUSINESS FRANCHISES				
Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	76	74	-2
	2021	74	72	-2
	2022	72	76	+4
Company-Owned	2020	16	16	0
	2021	16	18	+2
	2022	18	21	+3
Total Outlets	2020	92	90	-2
	2021	90	90	0
	2022	90	97	+7

* This does not include Licensed Businesses. See Exhibit “K” for a list of Franchisees and Licensed Businesses. If you buy this franchise, your contact information may be disclosed to other buyers while you are part of and when you leave the System. In this Item 20, we do not separately record data for non-affiliate owned Practices as separate from the affiliate-owned Medi-Weightloss® Businesses. In those instances, the Business is counted as a Company-Owned Business.

Table No. 1
Systemwide Outlet Summary
For Years 2020 to 2022

LICENSED BUSINESSES

ITEM 20 Table No. 1 LICENSED BUSINESSES				
Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Licensed 3 rd Party Owned	2020	1	1	0
	2021	1	1	0
	2022	1	**2	+1
Licensed Company- Owned*	2020	1	1	0
	2021	1	1	0
	2022	1	0	-1

ITEM 20				
Table No. 1				
LICENSED BUSINESSES				
Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Total Outlets	2020	2	2	0
	2021	2	2	0
	2022	2	2	0

* The table above does not include franchises offered by us. Company-Owned in the table above means that MWLC or PHM has an ownership interest in the Licensed Business.

** For purposes of the FDD, we have counted Medi-Weightloss® Businesses that are owned by our affiliates, and/or our management, as Company Owned.

See Exhibit K for list of franchised and licensed Medi-Weightloss® Businesses.

Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2020 to 2022

ITEM 20		
Table No. 2		
MEDI BUSINESS FRANCHISES		
Column 1 State	Column 2 Year	Column 3 Number of Transfers
Connecticut	2020	2
	2021	2*
	2022	0
Massachusetts	2020	1*
	2021	0
	2022	0
Tennessee	2020	1
	2021	0
	2022	0
Virginia	2020	0
	2021	2
	2022	0
Total	2020	4
	2021	4
	2022	0

*Both CT locations transferred to affiliated entities.

Table No. 2
Transfers of Outlets From Licensed Business owners to New Owners
(Other than the Franchisor or MWLC or PHM)
For Years 2020 to 2022

LICENSED BUSINESSES

ITEM 20 Table No. 2 LICENSED BUSINESSES		
Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022

ITEM 20 Table No. 3 MEDI BUSINESS FRANCHISES*								
Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Alabama	2020	2	0	1	0	0	0	1
	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
Arizona	2020	2	0	0	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
California	2020	2	0	1	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Connecticut	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
Florida	2020	11	1	2	0	0	0	10
	2021	10	1	0	0	0	0	11
	2022	11	2	0	0	0	0	13
Georgia	2020	5	1	0	0	0	0	6
	2021	6	0	2	0	0	0	4
	2022	4	1	0	1	0	0	4
Illinois	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2

ITEM 20
Table No. 3
MEDI BUSINESS FRANCHISES*

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
	2022	2	1	0	0	0	0	3
Indiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Kansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Maine	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Massachusetts	2020	6	1	0	0	0	0	7
	2021	7	1	0	0	0	0	8
	2022	8	1	0	0	0	0	9
Michigan	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Nevada	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Jersey	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
New York	2020	3	0	0	0	0	0	3
	2021	3	1	2	0	0	0	2
	2022	2	0	2	0	0	0	0
North Carolina	2020	7	0	0	0	0	0	7
	2021	7	0	1	0	0	0	6
	2022	6	0	1	0	0	0	5
Ohio	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Oklahoma	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Rhode Island	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Tennessee	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2

ITEM 20 Table No. 3 MEDI BUSINESS FRANCHISES*								
Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
	2022	2	0	0	0	0	0	2
Texas	2020	7	0	0	0	1	0	6
	2021	6	1	0	0	0	1**	6
	2022	6	0	0	0	0	0	6
Virginia	2020	4	0	1	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Wisconsin	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	2020	76	4	5	0	1	0	74
	2021	74	6	7	0	0	1	72
	2022	72	8	3	1	0	0	76

* The Table above does not include Exclusive Sales Representative Business licenses or Licensed Businesses.

** Two locations in TX merged into one location.

**Table No. 3
Status of Franchised (Licensed) Outlets
For Years 2020 to 2022
LICENSED BUSINESSES**

ITEM 20 Table No. 3 LICENSED BUSINESSES								
Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Florida	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Total	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2

**Table No. 4
Status of Company-Owned Outlets
For Years 2020 to 2022
MEDI BUSINESS FRANCHISES**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 9 Outlets at End of the Year
Alabama	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
Connecticut	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	1	0	0	0	4
Delaware	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Florida	2020	1	1	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Massachusetts	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	1	0	0	1	1
North Carolina	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	2	0	0	0	3
New Hampshire	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
New Jersey	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
Rhode Island	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
South Carolina	2020	1	0	0	1	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Texas	2020	4	0	1	1	0	4
	2021	4	0	0	0	0	4
	2022	4	0	0	0	0	4
Total	2020	16	1	1	2	0	16
	2021	16	2	0	0	0	18
	2022	18	4	0	0	1	21

* The table above does not include Licensed Businesses or Exclusive Sales Representative Businesses.

Table No. 4
Status of Company-Owned Outlets
For Years 2020 to 2022

LICENSED BUSINESSES

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Licensed Business	Column 6 Outlets Closed	Column 8 Outlets Sold to Licensed Business	Column 9 Outlets at End of the Year
Florida	2020	1	0	0	0	0	1*
	2021	1	0	0	0	0	1*
	2022	1	0	0	0	1	0
Total	2020	1	0	0	0	0	1*
	2021	1	0	0	0	0	1*
	2022	1	0	0	0	1	0

* This one (1) unit has already been counted in Table No. 3 since we owned a non-controlling interest in it in 2020 and 2021. We sold our interest to the licensee in 2022.

Table No. 5
MEDI BUSINESS FRANCHISES

Projected Openings as of December 31, 2022

ITEM 20 Table No. 5 MEDI BUSINESS FRANCHISES			
Column 1 State	Column 2 Agreements Signed But Outlet Not Opened	Column 3 Projected New Outlets in the Next Fiscal Year (2023)	Column 4 Projected New Company-owned Outlets in the Next Fiscal Year (2023)
Florida	5*	3	
Georgia		1	
Illinois	1		
Indiana		1	
Massachusetts	2**		
Michigan	4***		
Minnesota	4		
Missouri		3	
Nebraska		1	
New Jersey		1	
Ohio	1		
Texas	2	1	
Virginia	1****		
Wisconsin	1*****		
Total	21*****	11	

* Includes Westchase, FL (Opened February 22, 2023).
**Includes North Andover, MA (Opened April 5, 2023).
***Includes Jackson, MI (Opened January 24, 2023).
****Alexandria, VA (Opened January 18, 2023).
***** Mequon, WI (Opened March 8, 2023).

***** In addition, 9 of the 21 units in Column 2 are not scheduled to open until after 2023.

Exhibit K lists (I) the names of all current Medi-Weightloss® Business franchises (and Area Developers) who have signed Franchise Agreements with us and have opened their franchises for business as of or prior to December 31, 2022; and (II) the names of all current Medi-Weightloss® Business franchises (and Area Developers) and the addresses and telephone numbers for them who have signed Franchise Agreements as of December 31, 2022, and have opened in 2023 prior to the date of this Disclosure; (III) the names of all current Medi-Weightloss® Business franchises (and Area Developers) and the addresses and telephone numbers for them as of December 31, 2022, who have signed Franchise Agreements with us but who have not opened their franchises for business as of December 31, 2022 and up to the date of this Disclosure.

Exhibit L lists the city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every Medi-Weightloss® Business (franchised) or Licensed Business who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Exhibit K lists the names of all remaining Licensed Business owners and the addresses and telephone numbers of their outlets as of December 31, 2022. As described in Item 1, we no longer have any Exclusive Sales Representatives or Area Representatives and none were terminated or cancelled in 2020, 2021 or 2022. Our affiliate owned/Company-Owned Outlets that are Licensed Businesses are also listed in Exhibit K.

Over the last three fiscal years, in connection with our Franchise Assistance Program and in connection with settlement agreements entered into with us to cure late payments and other defaults under Franchise Agreements, some of our franchisees have signed confidentiality clauses. Also, a confidentiality agreement may be entered into as a part of a settlement of a dispute between us and the current or former franchisee. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Medi-Weightloss® Businesses. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Exhibit K lists, to the extent known, the names, addresses, telephone numbers, e-mail address and Web address of each trademark-specified franchisee organization associated with the franchise system being offered which we have created, sponsored or endorsed.

Exhibit K lists the independent franchisee organizations that have asked to be included in this disclosure document. Currently there are none.

ITEM 21

FINANCIAL STATEMENTS

Our audited financial statements as of December 31, 2020, December 31, 2021, and December 31, 2022, and our unaudited financial statements as of September 30, 2023, are attached as Exhibit "A" to this

Disclosure Document. We do not have any Parent or Affiliates who guarantees our performance. Our fiscal year ends December 31.

ITEM 22 **CONTRACTS**

Copies of all proposed agreements regarding the franchise offering are included as exhibits to this Disclaimer Document. These include:

Exhibit B	Form of Franchise Agreement and Related Materials (Exhibits)
Exhibit C	Form of Area Development Addendum
Exhibit D	Form of NCP Addendum
Exhibit E	Form of Owners' Statement
Exhibit F	Form of Owners' Guaranty
Exhibit G	Forms of General Release – Renewal or Assignment
Exhibit H	Form of Medical Practice Management Addendum
Exhibit I	Form of Business Associate Agreement
Exhibit J	Form of Electronic Funds Transfer Agreement
Exhibit M	Form of State Specific Addenda and Exhibits
Exhibit O	Form of Confidentiality, Non-Solicitation and Non-Competition Agreement
Exhibit P	Optional Marketing Services Agreement
Exhibit Q	Optional E-Signature Service Agreement
Exhibit R	Form of MediLiving Addendum
Exhibit S	Form of Existing Business Addendum
Exhibit T	Form of Outside Business Activity Addendum
Exhibit W	Receipts

ITEM 23 **RECEIPTS**

You will find copies of a detachable receipt in Exhibit “W” at the very end of this disclosure document.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

OF

MEDI-WEIGHTLOSS FRANCHISING USA, LLC

THESE FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023 ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM.

Medi-Weightloss Franchising USA, LLC
Balance Sheet
As of September 30, 2023

Assets:	
Cash	\$46,045
Accounts receivable	732,522
Notes receivable - current portion	29,927
Inventory	1,190,695
Prepaid and other current assets	207,409
Contract asset - current portion	195,685
Deferred commissions - current portion	28,945
Due from related parties	3,065,684
Total current assets	<u><u>\$5,496,910</u></u>
Property and equipment, net	61,154
Deposits	7,604
Notes receivable - net of current portion	16,905
Due from related parties	2,742,096
Right of use assets	2,827,762
Contract asset - net of current portion	688,274
Deferred commissions - net of current portion	343,104
Total non-current assets	<u><u>\$6,686,899</u></u>
Total assets	<u><u><u>\$12,183,809</u></u></u>
Liabilities and Members' Equity:	
Accounts payable	1,429,849
Accrued expenses	1,441,850
Deferred revenue - current portion	552,406
Operating lease liabilities - current portion	422,900
Due to related parties	1,786,597
Total current liabilities	<u><u>\$5,633,603</u></u>
Deferred revenue - net of current portion	2,114,479
Operating lease liabilities - net of current portion	2,649,037
Notes payable	76,821
Total non-current liabilities	<u><u>\$4,840,337</u></u>
Total liabilities	<u><u>\$10,473,940</u></u>
Members' equity	\$1,709,869
Total liabilities and members' equity	<u><u><u>\$12,183,809</u></u></u>

Medi-Weightloss Franchising USA, LLC
Statement of Income
For the Nine Month Period Ending September 30, 2023

Revenue	\$19,253,527
Cost of sales	<u>8,176,044</u>
Gross profit	<u>\$11,077,484</u>
Operating expenses:	
Payroll	4,608,160
Advertising and marketing	331,868
Lease expense	404,638
Professional, consulting, and outside services	4,052,482
Fringe benefits	317,556
Payroll taxes	363,227
Insurance expense	311,101
Office expense	588,363
Depreciation expense	9,743
Occupancy	50,773
Travel, meals and entertainment	227,163
Repairs and maintenance	40,476
Auto expense	3,715
Continuing education	14,974
Research and development	<u>19,358</u>
Total operating expenses	<u>\$11,343,598</u>
Net loss from operations	<u>(\$266,114)</u>
Non-operating income:	
Interest expense	(1,094)
PPP Loan Forgiveness	7,000
Total non-operating income	5,906
Net loss	<u>(\$260,208)</u>

Medi-Weightloss Franchising USA, LLC
Statement of Cash Flows
For the Nine Month Period Ending September 30, 2023

Cash flows from operating activities	
Net loss	(\$260,208)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	9,743
Change in carrying amount of right of use assets	323,138
Change in operating assets and liabilities:	
Accounts and notes receivable	(101,394)
Contract asset	(3,587)
Inventory	316,176
Prepaid expenses and other current assets	2,536
Deferred commissions	54,334
Accounts & notes payable and accrued liabilities	480,267
Accrued expenses	(176,561)
Operating lease liabilities	(321,951)
Deferred revenue	(211,112)
Due to/from related parties	(2,616,631)
Net cash used in operating activities	<u><u>(\$2,505,250)</u></u>
Cash flows from investing activities	
Capital expenditures	<u>(20,000)</u>
Net cash used in investing activities	<u><u>(\$20,000)</u></u>
Cash flows from financing activities	
Capital contributions	<u>1,837,544</u>
Net cash provided by financing activities	<u><u>\$1,837,544</u></u>
Net (decrease) increase in cash	(\$687,707)
Beginning cash	\$733,752
Ending cash	\$46,045

Medi-Weightloss Franchising USA, LLC

Financial Statements

December 31, 2022

Medi-Weightloss Franchising USA, LLC

Financial Statements

December 31, 2022

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KPMG LLP
Brickell City Center, Suite 1200
78 SW 7 Street
Miami, FL 33130

Independent Auditors' Report

The Board of Directors
Medi-Weightloss Franchising USA, LLC:

Opinion

We have audited the financial statements of Medi-Weightloss Franchising USA, LLC (the Company), which comprise the balance sheet as of December 31, 2022, and the related statements of income, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2022, the Company adopted new accounting guidance Accounting Standards Update No. 2016-02, Leases (Topic 842). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in

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the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Miami, Florida
April 26, 2023

Medi-Weightloss Franchising USA, LLC
Balance Sheet
December 31, 2022

Assets:	
Cash	\$ 733,752
Accounts receivable	606,939
Notes receivable- current portion	54,115
Inventory	1,506,870
Prepaid and other current assets	186,392
Contract asset- current portion	145,685
Deferred commissions - current portion	83,279
Total current assets	<u>3,317,032</u>
Property and equipment, net	50,897
Deposits	31,230
Notes receivable - net of current portion	16,905
Due from related parties	2,742,096
Right of use assets	3,150,900
Contract asset - net of current portion	734,687
Deferred commissions - net of current portion	343,104
Total non-current assets	<u>7,069,819</u>
Total assets	<u>\$ 10,386,851</u>
Liabilities and Members' Equity:	
Accounts payable	\$ 1,026,404
Accrued expenses	1,618,414
Deferred revenue - current portion	449,470
Operating lease liabilities- current portion	427,799
Due to related parties	1,337,544
Total current liabilities	<u>4,859,631</u>
Deferred revenue - net of current portion	2,428,526
Operating lease liabilities- net of current portion	2,966,090
Total non-current liabilities	<u>5,394,616</u>
Total liabilities	<u>10,254,247</u>
Members' equity	132,604
Total liabilities and members' equity	<u>\$ 10,386,851</u>

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See accompanying notes to financial statements.

Medi-Weightloss Franchising USA, LLC
Statement of Income
Year ended December 31, 2022

Revenue	\$ 23,400,477
Cost of sales	<u>12,292,218</u>
Gross profit	<u>\$ 11,108,259</u>
Operating expenses:	
Payroll	5,786,056
Advertising and marketing	916,729
Lease expense	544,668
Professional, consulting, and outside services	1,221,052
Fringe benefits	476,807
Payroll taxes	322,174
Insurance expense	65,336
Office expense	575,272
Depreciation expense	65,581
Occupancy	51,951
Travel, meals and entertainment	160,578
Repairs and maintenance	42,184
Auto expense	13,955
Continuing education	35,128
Research and development	36,561
Bad debt expense	274,522
Total operating expenses	<u>\$ 10,588,554</u>
Net income from operations	<u>519,705</u>
Non-operating income:	
PPP loan forgiveness	727,643
Interest income	3,067
Interest expense	(10,482)
Total non-operating income	<u>\$ 720,228</u>
Net income	<u>\$ 1,239,933</u>

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See accompanying notes to financial statements.

Medi-Weightloss Franchising USA, LLC
Statement of Changes in Members' Equity
Year ended December 31, 2022

	Members' Capital	Accumulated Deficit	Total
Balance at December 31, 2021	\$ -	284,422	284,422
Distributions	-	(3,614,356)	(3,614,356)
Capital contributions	2,222,605	-	2,222,605
Net income	-	1,239,933	1,239,933
Balance at December 31, 2022	\$ 2,222,605	(2,090,001)	132,604

See accompanying notes to financial statements.

Medi-Weightloss Franchising USA, LLC
Statement of Cash Flows
Year ended December 31, 2022

Cash provided by operating activities	
Net income	1,239,933
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>	
Depreciation	65,581
Bad debt expense	274,522
Forgiveness of paycheck protection program loan	(727,643)
Change in carrying amount of right of use assets	650,132
<i>Changes in operating assets:</i>	
Accounts receivable	10,102
Contract asset	45,332
Inventory	(164,568)
Prepaid expenses and other current assets	(41,551)
Deferred commissions	22,978
Deposits	33,095
Notes receivable	106,354
<i>Changes in operating liabilities:</i>	
Accounts payable	468,972
Accrued expenses	(304,023)
Operating lease liabilities	(407,143)
Deferred revenue	436,060
Due to related parties	1,195,043
Net cash provided by operating activities	<u>2,903,176</u>
 Cash flows from investing activities	
Purchases of property and equipment	(6,238)
Net cash used in investing activities	<u>(6,238)</u>
 Cash flows from financing activities	
Principal payments of notes payable	(27,355)
Principal payments of bank line of credit	(499,903)
Capital contributions	2,222,605
Distributions to members	(1,861,000)
Issuance of notes receivable to related parties	(2,742,096)
Payments to related parties	(499,013)
Net cash used in financing activities	<u>(3,406,762)</u>
 Net change in cash	 (509,824)
Cash at beginning of year	1,243,576
Cash at end of year	733,752
 Non cash operating activities:	
Recognition of lease liability	3,801,032
Recognition of right-of-use asset	(3,801,032)
Non cash financing activities:	
Related party receivables relieved	1,753,356
 Cash paid during the period:	
Interest expense	9,932

See accompanying notes to financial statements.

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Medi-Weightloss Franchising USA, LLC
Notes to Financial Statements
December 31, 2022

1. Description of Business and Summary of Significant Accounting Policies

a. Description of Business and Organization

Medi-Weightloss Franchising USA, LLC (the Company) was formed and commenced operations as a Limited Liability Company on January 24, 2008. Under Florida statutes, members of an LLC are protected from liability for acts and debts of the LLC. The Company was eligible to begin licensing franchises on February 1, 2008. The Company is a franchisor of medically supervised weight loss clinics throughout the United States. As of December 31, 2022, the Company had 114 franchise locations of which 15 did not yet commence operations.

On October 12, 2022, the owners of the Company formed Medi-Weightloss Group Holdings, LP which formed Medi-Weightloss Intermediate Holdings, Inc. a Delaware Corporation and Medi-Weightloss Intermediate Holdings, Inc. formed Medi-Weightloss Buyer, Inc., a Delaware Corporation. Effective October 28, 2022, the Company was acquired by Medi-Weightloss Buyer, Inc. a Delaware Corporation.

As of December 31, 2022, the Company is a wholly owned subsidiary of Medi-Weightloss Buyer, Inc. Equity and debt obligations associated with the Company reside at Medi-Weightloss Buyer, Inc.

b. Basis of Presentation

These financials have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Company was acquired on October 28, 2022, and elected to not apply pushdown accounting. The historical basis of accounting is applied as of December 31, 2022.

c. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d. Income Taxes

The Company, with the consent of its members, has elected under the Internal Revenue Code to be taxed as an S Corporation. The members of an S corporation are taxed on their proportionate share of the Company's taxable income; therefore, no provision or liability for federal income taxes has been included in the financial statements. Certain specific deductions and credits flow through the Company to its members.

Medi-Weightloss Franchising USA, LLC
Notes to Financial Statements
December 31, 2022

Under the Income Taxes Topic of the FASB Accounting Standards Codification, the Company has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Company.

The Company files income tax returns in the U.S. federal jurisdiction. The tax periods open for examination by the major taxing jurisdictions to which the Company is subject include fiscal years ended December 31, 2018- October 28, 2022.

The Company was acquired on October 28, 2022, and will be treated as a disregarded entity by its owner, Medi-Weightloss Buyer, Inc. a Delaware Corporation for income tax purposes. As of December 31, 2022, the Company is a wholly owned subsidiary of Medi-Weightloss Buyer, Inc. and as the owner of the Company it will be taxed on its proportionate share of the Company's taxable income post-acquisition. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

e. Cash

The Company maintains its cash in various bank deposit accounts which, at times, may exceed the federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk from such accounts.

f. Accounts Receivable

Accounts receivable are recorded at net realizable value. The Company evaluates its accounts receivable based on a combination of historical experience, aging analysis and information related to specific accounts. Management considers historical losses adjusted to take into account current market conditions and financial conditions, the amount of receivables in dispute and the current receivables aging and current payment patterns. Past due balances over sixty (60) days and other high-risk amounts are reviewed individually for collectability. Account balances are charged off after all collection efforts have been exhausted and the potential for recovery is considered remote. Recoveries of receivables previously written off are recorded as revenue when received. Historically, the Company has not had a significant amount of write-offs.

Notes Receivable

Notes receivable relate to financing arrangements that exceed one year and bear interest at a market rate based on the franchise's credit quality and are recorded at face value. Interest income is recognized over the life of the note. The Company does not require collateral for the notes. The Company has not sold any receivables. The Company maintains an allowance for doubtful accounts to account for uncollectible accounts. In

Medi-Weightloss Franchising USA, LLC
Notes to Financial Statements
December 31, 2022

establishing the required allowance management considers historical losses adjusted to consider current market conditions and the franchise's financial condition, the number of receivables in dispute and the current receivables aging and current payment patterns. The Company continually reviews its allowance for doubtful accounts. Notes receivable are \$71,020 as of December 31, 2022.

g. Inventory

Inventory consists primarily of franchisee related supplies and nutritional supplements and are stated at the lower of cost (first in, first out basis) or market (net realizable value). Inventory is presented net of a reserve for potential obsolescence. As of December 31, 2022, there was no reserve for potential obsolescence of inventory. The Company records inventory for items stored at the Company's vendor's location that have completed the quality control process totaling \$1,435,495. If the Company decides to change or discontinue a product, as well as terminate the agreement with the vendor, the Company is responsible for any remaining inventory that has completed the quality control process that is held at the vendor.

h. Property and Equipment, net

Property and equipment are recorded at cost less accumulated depreciation. Expenditures that significantly add to the productivity or extend the useful lives of property and equipment are capitalized. Other expenditures for maintenance and repairs are charged to repairs and maintenance on the statement of income in the year the costs are incurred.

Depreciation is recorded over the estimated useful lives of the respective assets on a straight line basis. Leasehold improvements are amortized to depreciation expense over the shorter of the estimated useful life of the assets or over the term of the lease, including renewals that are deemed to be reasonably assured at the date of the leasehold improvements were purchased. The range of the estimated useful lives is as follows:

Software	3-5 Years
Equipment	5-7 Years
Furniture and Fixtures	5-7 Years
Leasehold Improvements	15 Years

Property and equipment subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis. If the asset or asset group is not recoverable, we determine the fair value of the asset or asset group based on Level 3 inputs, and measure the impairment losses based

Medi-Weightloss Franchising USA, LLC
Notes to Financial Statements
December 31, 2022

upon the amount by which the carrying amount of the asset or asset group exceeds the fair value.

i. Leases

On February 25, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842) and subsequent amendments to the initial guidance: ASU 2018-01, ASU 2018-10, ASU 2018-11, ASU 2018-20, ASU 2019-01, ASU 2019-10, ASU 2020-05, and ASU 2021-05 (collectively Topic 842)*. The objective of this ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements.

The Company adopted Topic 842 on January 1, 2022, electing to use the package of practical expedients permitted under the transition guidance which allows for the carry forward of historical lease classification for existing leases on the adoption date and does not require the assessment of existing lease contracts to determine whether the contracts contain a lease or initial direct costs. Prior periods were not retrospectively adjusted.

The adoption of this standard resulted in the recognition of operating lease right-of-use (ROU) assets in the amount of \$3.6 million and lease liabilities in the amount of \$3.8 million for operating leases on the balance sheet and deferred rent of \$0.2 million. There was no cumulative effect adjustment to the opening balance of retained earnings as of January 1, 2022. Adoption of Topic 842 did not have an impact on the statements of income or cash flows.

The Company rents office space, a vehicle, and office equipment under operating leases. A contract is determined to be a leasing arrangement at inception. If a lease arrangement is determined to exist, a right-of-use (ROU) asset and corresponding lease liability are recorded on the balance sheet at the lease commencement date based on the present value of lease payments over the lease term. An ROU asset represents the right to control the use of an identified asset over the lease term and a lease liability represents the obligation to make lease payments arising from the lease. When known, the rate implicit in the lease is used when determining the present value of lease payments. As the implicit rate is not known, the Company has elected the private company practical expedient to use a risk-free discount rate. The risk-free discount rate is determined for each lease using a period comparable with that of the lease term.

Operating lease expenses for the Company's operating leases are recognized on a straight-line basis over the lease term. Certain operating leases may contain renewal or termination options that, if reasonably certain of exercise, are reflected in the lease term.

Fixed lease and non-lease components are accounted for together as a single lease component for operating leases associated with office space.

j. Revenue

Revenues are recognized in accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. The Company's revenues are

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Medi-Weightloss Franchising USA, LLC
Notes to Financial Statements
December 31, 2022

comprised of franchise fees, initial training and package fees, royalty fees, advertising fees, nutritional supplements and program materials and other revenues.

Franchise fees

The Company's primary performance obligation under the franchise agreements is to provide rights to the franchisee which include the intellectual property related to the Company's trademarks, brand name, processes and know-how and to provide franchisees with operational support throughout the agreement term.

Initial franchise fees are payable by the franchisee upon signing a new franchise agreement and are recognized on a straight-line basis commencing at contract inception through the end of the initial franchise license term which is generally 10 years.

Initial training and package fees

The Company provides franchisees with start-up support including training, advertising, and other services. The Company recognizes the revenue when the products are delivered or services are performed, which typically occurs within one month of the franchisee's opening date.

Royalty fees

The Company collects royalty fees each year on a monthly or annual basis which are predominantly related to the rights of the franchise agreement. Typically, the first-year royalty fees are fixed and are recognized over the first year. In subsequent years, royalty fees are sales-based and are recognized as franchisee's sales occur.

Advertising fees

The Company offers franchisees pay-per-click advertising services where franchisees may opt-in for a fixed fee. These fees are typically billed and collected monthly, and revenue is recognized in the month the services are provided.

Nutritional supplements and program materials

The Company sells products to franchisee and non-franchisee customers. Products sold to franchisee customers are typically drop-shipped from a third-party vendor's warehouse and products sold to non-franchisee customers are typically shipped directly by the Company using a third-party carrier. Revenue is recorded net of discounts and is recognized once control of the products has been transferred to the customer.

Other revenues

Other revenues are comprised of service fees for malpractice insurance and accounting services provided to franchisees. Service fees for malpractice insurance revenue are billed annually and recorded net of the premium amount. Revenue is recognized over the related policy term. Accounting fees are billed monthly and recognized as services are provided.

Medi-Weightloss Franchising USA, LLC
Notes to Financial Statements
December 31, 2022

Sales Tax

Revenue is recognized net of any taxes collected from customers which are subsequently remitted to taxing authorities. These taxes are recorded as a liability when the amounts are billed to franchisees and the liability is relieved when payments are made to the respective taxing authority.

Deferred Revenue

Deferred revenue consists of contract liabilities from franchise fees and initial training and package fees which are collected at contract inception. The contract liability balance is reduced as franchise fees are recognized in revenue over the term of the franchise agreement. Initial training and package fees are reduced and recognized in revenue at the point in time when the products are delivered or services are performed, which typically occurs within one month of the franchisee's opening date.

The following table summarizes the activity of our contract liabilities during the year ended December 31, 2022:

	<u>Contract Liabilities</u>
Balance at January 1, 2022	\$ 1,458,146
Revenue recognized from amounts included in the contract liability balance at the beginning of the year	(327,487)
Increase, excluding amounts recognized as revenue during the period	1,747,337
Balance at December 31, 2022	\$ 2,877,996

Disaggregated Revenue

The following table summarizes disaggregated revenue recognized during the year ended December 31, 2022:

<u>Revenue Type</u>	<u>Timing of Revenue Recognition</u>		
	<u>Point in Time</u>	<u>Over Time</u>	<u>Total</u>
Franchise fees	\$ -	565,938	565,938
Initial training and package fees	51,562	-	51,562
Advertising fees	-	3,386,520	3,386,520
Royalty fees	-	6,786,663	6,786,663
Nutritional supplements and program materials	12,439,125	-	12,439,125
Other revenue	-	170,569	170,669
Total Revenue	\$ 12,490,687	10,909,690	23,400,477

Medi-Weightloss Franchising USA, LLC
Notes to Financial Statements
December 31, 2022

Cost of Revenue

Cost of revenue primarily consists of the direct costs associated with products sold to franchisee and non-franchisee customers, distribution and outbound freight costs, and license fees paid to Medi-IP, LLC (MEDI IP) a related party (see footnote 11).

Contract Costs

Contract costs are recognized in accordance with Accounting Standards Codification (ASC) Topic 340-40, *Other Assets and Deferred Costs*.

Costs to Obtain a Contract

Commissions fees are costs paid to third party brokers that are directly attributable to obtaining new franchise agreements. These fees are capitalized upon the inception of the franchise agreement and expensed on a straight-lined basis over the life of the contract.

Costs to Fulfill a Contract

The Company pays MEDI IP a fixed portion of the initial license fee for use of MEDI IP's intellectual property. These fees are capitalized upon the inception of the franchise agreement and expensed on a straight-lined basis over the life of the contract.

k. *Deferred Commissions*

Commission expenses, paid at the execution of the franchise agreement, are deferred and amortized on straight-line basis concurrently with the respective revenues from initial franchise fees. The period for recognition is typically 10 years. For the year ended December 31, 2022, the amortized commission expense was \$79,654 which is included in cost of sales in the statement of income. Deferred commissions balance totaled \$426,383 as of December 31, 2022.

l. *Other Current Assets*

Prepaid expenses and other assets consist of prepaid insurance, prepaid professional fees, and prepaid software fees.

m. *Research Development*

Costs related to research, design, and development of products are charged to research and development expenses as incurred. Research development costs amounted to \$36,561 for the year ended December 31, 2022.

n. *Advertising*

Advertising costs, consisting primarily of mass media advertising in print and electronic formats, are expensed as incurred. Advertising costs for the year ended December 31, 2022, were \$916,729.

Medi-Weightloss Franchising USA, LLC
Notes to Financial Statements
December 31, 2022

o. Companies under Common Control

The owners of the Company exercise control over certain affiliated entities whose operations share various expenses. Costs are allocated based on time as estimated by management. See footnote 11.

p. Financial Instruments and Fair Value Measurements

The Company's financial instruments are not measured at fair value or on a recurring basis; however, certain financial instruments are recorded at amounts that approximate the fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include cash, accounts receivable, prepaid expenses, other assets, accounts payable and accrued expenses.

2. Property and Equipment, net

Property and equipment consist of the following at December 31, 2022:

Software	\$	176,364
Equipment		142,209
Furniture and fixtures		101,284
Leasehold improvements		96,859
Total property and equipment	\$	516,716
Less: Accumulated depreciation		(465,819)
Total property and equipment, net	\$	50,897

The Company allocated \$24,778 to affiliated entities for their share of depreciation resulting in \$65,581 in depreciation expense for the year ended December 31, 2022. See footnote 11 *Related Parties* for additional discussion of cost allocations.

3. Accounts and Notes Receivable

Accounts and notes receivable at December 31, 2022, were \$606,939 and \$71,020, respectively.

Future minimum receipts under notes receivable are as follows:

Year Ended December 31:		
2023	\$	54,115
2024		16,905
Total Future Receipts	\$	71,020

During the year ended 2022, the Company wrote off outstanding notes receivable in an amount totaling \$187,607. Management believes the write-off was appropriate to cover anticipated losses. As of December 31, 2022, no payments had been received by the Company for 19 months. The remaining outstanding notes receivable in the amount of \$71,020 consists of operating loans. The Company does not have a formal or repetitive program for offering financing to new or

Medi-Weightloss Franchising USA, LLC
Notes to Financial Statements
December 31, 2022

prospective franchisees. Accounts receivable and notes receivable are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade accounts receivable do not bear interest, although a finance charge may be applied to such receivables that are more than sixty days past due. Note receivables are secured by the franchise agreement. In addition, the notes are personally guaranteed by the franchisee. The Company is also permitted to reduce the outstanding note balances by franchise internet sales and by a right to offset against any amounts due to the franchise for all fees or late payment interest due to the Company or its affiliates.

4. Payroll Protection Program Forgivable Loans

In March 2021, the Company qualified for and received a loan pursuant to the Paycheck Protection Program Second Draw Loan, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, for an aggregate principal amount of \$844,818 (the second draw PPP Loan). The second draw PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first ten months of payments deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the second draw PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Company's request to the extent that the loan proceeds are used to pay expenses permitted by the Paycheck Protection Program. The Company received forgiveness of the second draw PPP Loan with respect to these covered expenses in January 2022.

The Company has recorded the second draw PPP Loan above in accordance with ASC 470 Debt. The proceeds will remain as debt until either: 1) the loan has been forgiven and the Company and the Company has been legally released of the obligation, in whole or part; or 2) the Company pays off the loan. The Company received the full forgiveness in the amount of \$844,818 of which \$117,175 was allocated to affiliated entities, resulting in \$727,643 in other income for the year ended December 31, 2022. See footnote 11 *Related Parties* for additional discussion of cost allocations.

5. Franchisor

During the year-ended December 31, 2022, the Company signed agreements for 14 new franchise locations. The Company opened a total of 11 franchise locations in the United States in 2022. The Company had 99 franchise locations as of December 31, 2022.

Included in the 99 franchise locations, there are 21 franchise locations and 2 licensed businesses which are owned through affiliates of the Company either fully or through a majority ownership.

Medi-Weightloss Franchising USA, LLC
Notes to Financial Statements
December 31, 2022

The affiliated franchises contributed a portion of revenue and expenses to the Company in the following amounts during the year ended December 31, 2022:

Revenue	\$	3,786,344
Cost of Goods Sold		360,259
Gross Profit		3,426,085
Other Expenses		(161,021)
Net Income	\$	3,265,064

6. Leases

The Company has entered into a non-cancellable operating lease agreement for office space with lease periods expiring in 2030. Certain of these arrangements have free or escalating rent payment provisions and optional renewal clauses. The Company's operating leases typically include variable lease payments, which are primarily related to common area maintenance and utility charges. The Company has determined that no renewal clauses are reasonably certain of being exercised and have not included any renewal periods within the lease term.

The Company's total operating lease cost is comprised of the following for the year ended December 31, 2022:

Components of net lease cost		
Operating lease cost	\$	356,824
Variable lease costs		63,558
Net lease cost	\$	420,182

The Company allocated \$155,410 to affiliated entities for their share of rent expense for the year ended December 31, 2022. See footnote 11 *Related Parties* for additional discussion of cost allocations.

As of December 31, 2022, the weighted average remaining term and discount rate for the Company's operating leases were as follows:

Weighted average remaining lease term (in years)	
Operating Leases	7.5
 Weighted average discount rate	
Operating Leases	1.6%

Medi-Weightloss Franchising USA, LLC
Notes to Financial Statements
December 31, 2022

As of December 31, 2022, maturities of the Company's operating lease liabilities, which do not include short-term leases and variable lease payments, are as follows:

Year Ended December 31:

2023	\$	478,082
2024		464,504
2025		463,500
2026		459,822
2027		470,398
Thereafter		<u>1,267,274</u>
Total lease payments		3,603,580
Less: imputed interest		<u>(209,691)</u>
Total lease liabilities	\$	<u>3,393,889</u>

Supplemental cash flow information related to the Company's leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows paid for operating leases	\$	463,737
Right-of-use assets obtained in exchange for lease obligations:		
Operating Leases	\$	3,583,105

7. Commitments

The Company has entered into various agreements with vendors to produce and ship food inventory to customers. At any point, the vendors may have inventory that has been manufactured on behalf of the Company that has not gone through quality control that is stored at the vendor's warehouse. This inventory is not recorded on the Company's balance sheet.

8. Concentration of Credit and Economic Risk

The Company maintains its cash at various financial institutions in accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk in cash. The Company buys a significant portion of its inventory from three suppliers due to price and quality considerations. The Company has not experienced any losses associated with delay and shipments of products from these suppliers and does not believe it's exposed to any significant credit risk because inventory production is spread across more than one supplier.

9. Defined Contribution Plan

The Company offers a tax-deferred savings plan which qualifies as a voluntary contribution savings plan under Internal Revenue Code Section 401(k). Employees may provide tax-deferred contributions to individual retirement accounts up to the Internal Revenue Code limit. The Company contributes 3% of the participants' compensation. In addition, the Company may elect annually to make an additional profit-sharing plan contribution. For the year ended December 31,

Medi-Weightloss Franchising USA, LLC
Notes to Financial Statements
December 31, 2022

2022, the Company expensed \$303,949 relating to the profit-sharing component of the plan, of which \$78,300 was allocated to affiliated entities for their share of expense resulting in \$225,649 in total profit-sharing expense for the year ended December 31. The profit-sharing contribution was partially paid as of December 31, 2022, and the remaining amount of \$201,000 is accrued in accrued expenses on the balance sheet.

10. Members' Equity

The Company structure through October 28, 2022 had 100 voting units and 900 non-voting units, with the members combined units representing their membership percentage. Net income from operations and any distributions are allocated to the members in proportion to each member's membership percentage. The manager of the Company has the right to request a capital call where each member is required to contribute an amount equal to the member's pro rata share based on their respective membership percentage. Members are not entitled to the return of any member capital contributions, and the Company does not pay any interest on capital contributions. Upon termination or sale, the net proceeds from the liquidating event will be distributed 1) to pay all the liabilities of the Company, including liabilities to members, 2) to establish any reserves necessary for any unpaid, future, or contingent liabilities or obligation of the Company, and 3) to the members pro rata in accordance with their membership percentage.

11. Related Parties

The Company was acquired on October 28, 2022, and will be treated as a disregarded entity by its owner, Medi-Weightloss Buyer, Inc. a Delaware Corporation for income tax purposes. As of December 31, 2022, the Company is a wholly owned subsidiary of Medi-Weightloss Buyer, Inc.

The Company is affiliated through common ownership and/or business agreements with Medi-Weightloss Clinics, LLC (MWLC), Physicians Health Management, LLC (PHM), MEDI IP, LLC (MEDI IP), and EJRC Hyde Park Avenue, LLC. These related entities provide various levels of services and management support to the franchised Medi-Weightloss Franchising USA, LLC, clinics throughout the United States.

MEDI IP is affiliated to the Company through common ownership. MEDI IP owns intellectual property and marks and licenses them to the Company for use in the franchise system. Of the initial franchise fee, the Company may pay up to \$25,000 per franchise, to MEDI IP for intellectual property licensing rights. In addition, each franchisee pays a monthly fee of \$2,083 that is collected by the Company and recorded as a due to MEDI IP. The Company has a revenue sharing arrangement with MEDI IP, LLC, where the license is issued by MEDI IP and the Company collects the associated revenue. Costs related to these transactions with MEDI IP during the year ended December 31, 2022 totaled \$2,395,394 and are included in cost of sales on the statement of income. MEDI IP also reimburses certain commission costs related to sales of new franchise agreements. Such amounts totaled \$26,551 during the year ended December 31, 2022 and were recorded as a reduction in cost of sales on the statement of income.

PHM is affiliated to the Company through common ownership. PHM is in the business of licensing trademarks and intellectual property to licensed businesses and to the Company for the use in the

Medi-Weightloss Franchising USA, LLC
Notes to Financial Statements
December 31, 2022

franchise system. In addition, PHM, along with MWLC owns 21 franchise locations (see footnote 5). The Company has a cost sharing arrangement with PHM in which there is an allocation between entities of payroll and certain overhead expenses. The payroll expense allocation is based upon employee salaries prorated for time spent on PHM activities. The overhead expense allocation is based upon prorated headcount related to PHM activities. The Company allocated \$2,508,807 of payroll and expenses, for the year ended December 31, 2022.

MWLC is affiliated to the Company through common ownership. MWLC, along with PHM, owns 21 franchise locations (see footnote 5). The Company has a cost sharing arrangement with MWLC in which there is an allocation between the two entities that approximates 2% of the Company's payroll and certain overhead expenses. The payroll expense allocation is based upon employee salaries prorated for time spent on MWLC activities. The overhead expense allocation is based upon prorated headcount related to MWLC activities. The Company allocated \$233,390 of payroll and expenses to MWLC for the year ended December 31, 2022. In addition, the Company charges \$350 a month to each of the 21 franchise locations to cover accounting expenses.

Audax Management Company, LLC, a Delaware limited liability company has a management services agreement with Medi-Weightloss Buyer, Inc. which wholly owns the Company. The agreement provides Medi-Weightloss Buyer, Inc's subsidiaries management and transaction services in exchange for a quarterly payment equal to the greater of \$100,000 or 1.25% Consolidated EBITDA for its subsidiaries. Amounts due under this arrangement were de minimis as of and for the year ended December 31, 2022.

The Company leases space from EJRC Hyde Park Avenue, LLC, and paid \$407,000 in rent for the year ended, December 31, 2022.

Amounts due to and from related parties consists of the following at December 31, 2022:

<u>Due From- Long Term:</u>	
Due from PHM	\$ 2,508,807
Due from MWLC	233,390
Total due from related parties- long term	\$ 2,742,096
 <u>Due To- Short Term:</u>	
Due to MEDI IP	\$ (1,337,544)
Total due to related parties	\$ (1,337,544)
Total due from related parties, net	\$ 1,404,552

12. Profit Interest Units (PIU) Awards

On October 28, 2022, in conjunction with the formation of Medi-Weightloss Group Holdings, L.P. (Holdings), a separate class of units designated as profit interests (Class P Units) were created for the purpose of recruiting and retaining select employees and providing those employees with incentive for productivity and the opportunity to share in the growth and value of the Company. The general partner of Holdings may issue non-voting restricted units under the Class P Units plan.

Medi-Weightloss Franchising USA, LLC
Notes to Financial Statements
December 31, 2022

Restricted units granted generally vest over a five-year period with 40% vesting on the second anniversary of the grant date and the remaining 20% vest annually on each of the third, fourth and fifth anniversaries of the grant date, with 100% of the Class P Units vesting upon a sale of Holdings, defined as a sale of all the assets of Holdings or of over 50% of the voting power of Holdings.

Upon a grantee's termination of service, unvested Class P Units are forfeited, and vested Class P Units are subject to Holdings repurchase option which, if exercised, is at the then fair value provided termination is for any reason other than for cause. The repurchase option price is \$0 if the grantee is terminated for cause.

Restricted stock activity during the year ended December 31, 2022, was as follows:

	<u>Class P Units</u>
Granted	9,192
Forfeited	(625)
Vested and settled	-
Non-vested, December 31, 2022	<u>8,567</u>

As of December 31, 2022, 8,567 Class P Units are outstanding at the parent level and are subject to vesting conditions, which include an in-substance performance condition. Accordingly, no compensation expense has been recorded in the accompanying financial statements for these employee units.

13. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through April 26, 2023, the date at which the financial statements were available to be issued, and determined there are no items to disclose.

Medi-Weightloss Franchising USA, LLC
Financial Statements and
Independent Auditor's Report
December 31, 2021 and 2020



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Kerkering, Barberio & Co.
Certified Public Accountants

Independent Auditor's Report

To the Members
Medi-Weightloss Franchising USA, LLC
Tampa, Florida

Opinion

We have audited the accompanying financial statements of Medi-Weightloss Franchising USA, LLC (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, the related statements of income, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Kerkling Barbano & Co.

Sarasota, Florida
March 30, 2022

Medi-Weightloss Franchising USA, LLC

Balance Sheets

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 1,243,576	\$ 488,203
Accounts receivable, net	703,956	469,640
Notes receivable, net - current portion	88,301	131,357
Due from related parties - current portion	1,048,282	654,599
Inventory	305,798	465,260
Prepaid expenses and other assets	144,841	131,909
Deferred commissions - current portion	80,903	89,646
Total current assets	<u>3,615,657</u>	<u>2,430,614</u>
Property and equipment, net	<u>135,019</u>	<u>225,805</u>
Other Assets		
Deposits	64,324	25,579
Notes receivable, net - net of current portion	276,680	300,105
Due from related parties - net of current portion	298,458	1,569,481
Deferred commissions - net of current portion	368,458	409,493
Total other assets	<u>1,007,920</u>	<u>2,304,658</u>
Total Assets	<u>\$ 4,758,596</u>	<u>\$ 4,961,077</u>
Liabilities and Members' Equity		
Accounts payable	\$ 557,432	\$ 872,447
Accrued expenses	885,933	522,773
Deferred revenue - current portion	269,250	291,375
Bank line of credit	499,903	500,000
Notes payable - current portion	27,355	53,352
Total current liabilities	<u>2,239,873</u>	<u>2,239,947</u>
Non-Current Liabilities		
Due to related parties	142,501	222,828
Deferred revenue - net of current portion	1,246,982	1,157,254
Notes payable - net of current portion	-	26,644
Paycheck protection program loan	844,818	844,818
Total non-current liabilities	<u>2,234,301</u>	<u>2,251,544</u>
Total Liabilities	<u>4,474,174</u>	<u>4,491,491</u>
Members' Equity	<u>284,422</u>	<u>469,586</u>
Total Liabilities & Members' Equity	<u>\$ 4,758,596</u>	<u>\$ 4,961,077</u>

See accompanying notes to financial statements.

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Medi-Weightloss Franchising USA, LLC

Statements of Income

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>% of Sales</u>	<u>2020</u>	<u>% of Sales</u>
Income	\$ 21,436,660	100.0%	\$ 16,572,659	100.0%
Less: Cost of sales	9,135,251	42.6%	6,692,109	40.4%
Gross profit	<u>12,301,409</u>	<u>57.4%</u>	<u>9,880,550</u>	<u>59.6%</u>
Operating expenses				
Payroll	6,885,266	32.1%	6,184,306	37.3%
Advertising and marketing	1,001,030	4.7%	726,440	4.4%
Lease expense	790,701	3.7%	668,610	4.0%
Professional, consulting and outside services	681,927	3.2%	442,099	2.7%
Fringe benefits	654,334	3.1%	497,442	3.0%
Payroll taxes	349,498	1.6%	334,585	2.0%
Insurance	271,498	1.3%	265,197	1.6%
Office expense	211,789	1.0%	241,698	1.5%
Depreciation	72,077	0.3%	26,544	0.2%
Occupancy	68,451	0.3%	65,774	0.4%
Travel, meals and entertainment	63,090	0.3%	52,843	0.3%
Repairs and maintenance	43,663	0.2%	41,268	0.2%
Auto expense	17,252	0.1%	23,102	0.1%
Continuing education	14,881	0.1%	13,402	0.1%
Total operating expenses	<u>11,125,457</u>	<u>51.9%</u>	<u>9,583,310</u>	<u>57.8%</u>
Net income from operations	<u>1,175,952</u>	<u>5.5%</u>	<u>297,240</u>	<u>1.8%</u>
Other income (expense)				
PPP loan forgiveness	844,826	3.9%	-	0.0%
Other income	24,132	0.1%	31,485	0.2%
Interest income	5,660	0.0%	10,399	0.1%
Interest expense	(24,039)	-0.1%	(30,476)	-0.2%
Total other income	<u>850,579</u>	<u>4.0%</u>	<u>11,408</u>	<u>0.1%</u>
Net income	<u>\$ 2,026,531</u>	<u>9.5%</u>	<u>\$ 308,648</u>	<u>1.9%</u>

See accompanying notes to financial statements.

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Medi-Weightloss Franchising USA, LLC

Statements of Changes in Members' Equity

Years Ended December 31, 2021 and 2020

	<u>Members'</u> <u>Capital</u>	<u>Accumulated</u> <u>Earnings</u>	<u>Total</u>
Balances - December 31, 2019	\$ -	\$ 2,160,938	\$ 2,160,938
Distributions	-	(2,000,000)	(2,000,000)
Net income	<u>-</u>	<u>308,648</u>	<u>308,648</u>
Balances - December 31, 2020	-	469,586	469,586
Distributions	-	(2,211,695)	(2,211,695)
Net income	<u>-</u>	<u>2,026,531</u>	<u>2,026,531</u>
Balances - December 31, 2021	<u>\$ -</u>	<u>\$ 284,422</u>	<u>\$ 284,422</u>

See accompanying notes to financial statements.

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Medi-Weightloss Franchising USA, LLC

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Net income	\$ 2,026,531	\$ 308,648
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	72,077	26,544
Amortization of deferred commissions	159,777	115,103
Amortization of deferred revenue	(417,083)	(354,834)
Gain on sale of assets	(24,132)	-
Forgiveness of paycheck protection program loan	(844,818)	-
Change in operating assets:		
Accounts receivable, net	(234,316)	107,417
Inventory	159,462	61,045
Prepaid expenses and other assets	(12,932)	66,944
Deferred commissions	(110,000)	(46,666)
Deposits	(38,745)	(18,710)
Change in operating liabilities:		
Accounts payable	(315,015)	132,861
Accrued expenses	363,161	(427,604)
Deferred revenue	484,686	52,041
Net cash provided by operating activities	1,268,653	22,789
Cash Flows from Investing Activities:		
Purchases of property and equipment	(2,159)	(9,853)
Proceeds from sale of property and equipment	45,000	-
Change in notes receivable	66,481	58,128
Net cash provided by investing activities	109,322	48,275
Cash Flows from Financing Activities:		
Principal payments of notes payable	(52,641)	(73,518)
Principal payments on bank line of credit	(97)	-
Proceeds from paycheck protection program loan	844,818	844,818
Distributions to members	(2,211,695)	-
Change in due to / from related parties, net	797,013	(1,521,848)
Net cash used in financing activities	(622,602)	(750,548)
Net change in cash and cash equivalents	755,373	(679,484)
Cash and cash equivalents - beginning of year	488,203	1,167,687
Cash and cash equivalents - end of year	\$ 1,243,576	\$ 488,203
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 24,039	\$ 30,476
Non-cash distributions through conversion of related party receivable	\$ -	\$ 2,000,000

See accompanying notes to financial statements.

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Medi-Weightloss Franchising USA, LLC

Notes to Financial Statements
December 31, 2021 and 2020

1. Organization and Nature of Operations

Medi-Weightloss Franchising USA, LLC (the Company) was formed and commenced operations as a Limited Liability Company on January 24, 2008. Under the Florida statutes, members of an LLC are protected from liability for acts and debts of the LLC. The Company was eligible to begin licensing franchises on February 1, 2008. The Company is a franchisor of medically supervised weight loss clinics throughout the United States. As of December 31, 2021, the Company had 110 franchises under agreement of which 18 will not commence operations until after 2021.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows:

Financial Statements

The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. The accounting policies adopted conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Use of Estimates and Assumptions

Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of management's estimates and assumptions. These affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates and assumptions.

Limited Liability Company

The Company, with the consent of its members, has elected under the Internal Revenue Code to be taxed as an S Corporation. The members of an S corporation are taxed on their proportionate share of the Company's taxable income; therefore, no provision or liability for federal income taxes has been included in the financial statements. Certain specific deductions and credits flow through the Company to its members.

Under the Income Taxes Topic of the FASB Accounting Standards Codification, the Company has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Company.

The Company files income tax returns in the U.S. federal jurisdiction. The tax periods open for examination by the major taxing jurisdictions to which the Company is subject include fiscal years ended December 31, 2018 through December 31, 2021.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with original maturity of three months or less.

Medi-Weightloss Franchising USA, LLC

Notes to Financial Statements (Continued)

December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Accounts and Notes Receivable

The Company uses the allowance method to account for uncollectible accounts and notes receivable. Accounts and notes receivable are presented net of an allowance for doubtful accounts of \$0 and \$43,352 at December 31, 2021 and 2020, respectively. The accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable; however, changes in circumstances relating to accounts receivable may result in a requirement for additional allowances in the future. The Company determines the allowance based on historical write-off experience and the ability to pay outstanding balances. The Company continually reviews its allowance for doubtful accounts. Past due balances over sixty days and other high risk amounts are reviewed individually for collectability. Account balances are charged off against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote.

Inventory

Inventories consist primarily of franchisee related supplies and nutritional supplements and are stated at the lower of cost (first-in, first-out basis) or market (net realizable value). Inventories are presented net of a reserve for potential obsolescence. As of December 31, 2021 and 2020, there was no reserve for potential obsolescence on inventory.

Property and Equipment

Property and equipment are stated at cost at the date of acquisition. Expenditures that significantly add to the productivity or extend the useful lives of property and equipment are capitalized. Other expenditures for maintenance and repairs are charged to operations in the year the costs are incurred.

Depreciation is provided for over the estimated lives of the respective assets on a straight-line basis. Amortization of leasehold improvements is computed over the shorter of the useful life of the assets or over the term of the lease, including renewals that are deemed to be reasonably assured at the date the leasehold improvements were purchased. A summary of depreciable lives follows:

	Years
Software	3-5
Equipment	5-7
Furniture and fixtures	5-7
Leasehold improvements	15

Revenue Recognition

The Company adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* during the year ended December 31, 2018. The Company sells contractual franchise agreements throughout the United States. As a result of these franchise agreements, the Company receives an initial franchise fee that is due upon signing the franchise agreement. The initial franchise fee is deferred and amortized into revenue over the life of the franchise agreement, which is typically ten years. For the years ended December 31, 2021 and 2020, the initial franchise fee revenues were \$417,083 and \$354,834, respectively. Deferred franchise fees totaled \$1,458,146 and \$1,375,229 as of December 31, 2021 and 2020, respectively.

Medi-Weightloss Franchising USA, LLC

Notes to Financial Statements (Continued)

December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The Company receives an initial training and an initial package fee, which is due upon signing the franchise agreement. Due to these services typically being provided within six months of the signing of the franchise agreement, the Company recognizes these fees as revenues upon receipt of payment. Simultaneously, the Company also accrues for the expenses related to these services. These fees totaled \$690,440 and \$188,802 for the years ended December 31, 2021 and 2020, respectively.

Franchisees are obligated to pay computer fees, as well as a monthly royalty fee which is calculated through a flat fee tiered schedule based on either the prior 12 month rolling period of gross sales or the gross sales for the prior month. These fees are recognized as revenue monthly when billed. Monthly computer and royalty fees totaled \$4,527,410 and \$3,595,819 for the years ended December 31, 2021 and 2020, respectively.

Other revenues are derived from the sale of nutritional supplements and non-food program materials. Customer purchases are periodically invoiced, and revenue is recognized on the sale of nutritional supplements and program materials when invoiced and shipped. These fees totaled \$11,871,518 and \$9,767,903 for the years ended December 31, 2021 and 2020, respectively.

In addition to the fees noted above, franchisees are obligated to pay various other initial investment fees such as: system branding fees; start-up advertising fees; malpractice premium fees; and pay per click fees. These fees are either recognized when paid with a corresponding accrual for the related expense or recognized when billed for monthly fees without a related future performance obligation.

Deferred revenue primarily consists of initial franchise fees that are due upon signing the franchise agreement. The opening balance, current period change and ending balance of deferred revenues are as follows:

	Deferred Revenue
Balance at December 31, 2019	\$ 1,751,422
Initial franchise fees received during the year	175,000
Amortization of deferred franchise fees	(354,834)
Change in other deferred revenue accounts	(122,959)
Balance at December 31, 2020	1,448,629
Initial franchise fees received during the year	500,000
Amortization of deferred franchise fees	(417,083)
Change in other deferred revenue accounts	(15,314)
Balance at December 31, 2021	\$ 1,516,232

Medi-Weightloss Franchising USA, LLC

Notes to Financial Statements (Continued)

December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Disaggregation of Revenue

The Company presents disaggregated revenue based on the timing of transfer of goods and services to the customer. Disaggregated revenue consists of the following at December 31, 2021:

Revenue Type	Timing of Revenue Recognition		Total
	Point in Time	Over Time	
Franchise Fees	\$ -	\$ 417,083	\$ 417,083
Initial training and package fees	690,440	-	690,440
Monthly computer and royalty fees	4,527,410	-	4,527,410
Nutritional supplements and program materials	11,871,518	-	11,871,518
Other revenue	3,930,209	-	3,930,209
Total revenues	<u>\$ 21,019,577</u>	<u>\$ 417,083</u>	<u>\$ 21,436,660</u>

Disaggregated revenue consists of the following at December 31, 2020:

Revenue Type	Timing of Revenue Recognition		Total
	Point in Time	Over Time	
Franchise Fees	\$ -	\$ 354,834	\$ 354,834
Initial training and package fees	188,802	-	188,802
Monthly computer and royalty fees	3,595,819	-	3,595,819
Nutritional supplements and program materials	9,767,903	-	9,767,903
Other revenue	2,665,301	-	2,665,301
Total revenues	<u>\$ 16,217,825</u>	<u>\$ 354,834</u>	<u>\$ 16,572,659</u>

Deferred Commissions

Commission expenses, which are incurred incrementally at the execution of a franchise agreement, are deferred and recognized concurrently with the respective revenues from initial franchise fees. The period for recognition is typically 10 years. For the years ended December 31, 2021 and 2020, the amortized commission expense was \$159,777 and \$115,103, respectively. Deferred commissions totaled \$449,361 and \$499,139 as of December 31, 2021 and 2020, respectively.

Advertising

Advertising costs, consisting primarily of mass media advertising in print and electronic formats, are expensed as incurred. Advertising costs for the years ended December 31, 2021 and 2020 were \$1,001,030 and \$726,440, respectively.

Companies Under Common Control

The owners of the Company exercise control over certain affiliated entities whose operations share various expenses. Costs are allocated based on time and space as estimated by management. See Note 14.

Sales Tax

Income as reported on the Statements of Income does not include sales tax. The Company is a pass-through conduit for the collection and remittance of sales tax.

Medi-Weightloss Franchising USA, LLC

Notes to Financial Statements (Continued)

December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Financial Instruments Not Measured at Fair Value

The Company's financial instruments are not measured at fair value on a recurring basis; however, certain financial instruments are recorded at amounts that approximate the fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include cash and cash equivalents, accounts receivable, prepaid expenses and other assets, accounts payable and accrued expenses.

3. Property and Equipment

Property and equipment consisted of the following at December 31:

	2021	2020
Software	\$ 176,364	\$ 176,364
Equipment	135,972	197,315
Furniture and fixtures	101,284	100,390
Leasehold improvements	96,859	96,859
	510,479	570,928
Less: accumulated depreciation	(375,460)	(345,123)
Total property and equipment, net	\$ 135,019	\$ 225,805

Depreciation expense was \$72,077 and \$26,544 for the years ended December 31, 2021 and 2020, respectively.

4. Accounts and Notes Receivable

Following is a summary of receivables at December 31:

	2021	2020
Current:		
Accounts receivable	\$ 703,956	\$ 512,992
Less: allowance for doubtful accounts	-	(43,352)
Accounts receivable, net	\$ 703,956	\$ 469,640
Notes receivable	\$ 88,301	\$ 131,357
Less: allowance for doubtful accounts	-	-
Notes receivable, net - current portion	\$ 88,301	\$ 131,357
Non-Current:		
Notes receivable	\$ 276,680	\$ 300,105
Less: allowance for doubtful accounts	-	-
Notes receivable, net - net of current portion	\$ 276,680	\$ 300,105

Future minimum receipts under notes receivable at December 31, 2021 are as follows:

Year Ending:	Amount
2022	\$ 88,301
2023	51,836
2024	56,903
2025	14,595
2026	14,964
Thereafter	138,382
Total future receipts	\$ 364,981

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Medi-Weightloss Franchising USA, LLC

Notes to Financial Statements (Continued)
December 31, 2021 and 2020

4. Accounts and Notes Receivable (Continued)

A portion of the outstanding notes receivable in the amount of \$159,971 is a result of agreements made with franchisees whose accounts receivable were considered delinquent by Management. The Company negotiates the terms and enters into a signed agreement with the franchisee. The remaining outstanding notes receivable in the amount of \$205,010 consisted of operating loans totaling \$203,861, and personal loans totaling \$1,149. The Company does not have any formal or repetitive program for offering financing to new or prospective franchisees. Interest on the notes receivable is recognized when received. Accounts receivable and notes receivable are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade accounts receivable do not bear interest, although a finance charge may be applied to such receivables that are more than sixty days past due. Notes receivable are secured by the franchise agreement, and are subject to all rights of default provided within the franchise agreement. In addition, the notes are personally guaranteed by the franchisee. The Company is also permitted to reduce the outstanding note balances by franchise internet sales and by a right to offset against any amounts due to the franchise for all fees or late payment interest due to the Company or its affiliates.

5. Notes Payable

	<u>2021</u>	<u>2020</u>
Note payable - bank, due in March 2022 at 5.25% per annum, with monthly principal and interest installments of \$4,636 secured by the assets of the Company.	\$ 27,355	\$ 79,996
Total debt	27,355	79,996
Less: current portion	27,355	53,352
Notes payable - net of current portion	\$ -	\$ 26,644

6. Payroll Protection Program Forgivable Loans

In April 2020, the Company qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act for an aggregate principal amount of \$844,818 (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Company's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program. The Company received forgiveness of the PPP Loan in June 2021.

In March 2021, the Company qualified for and received a loan pursuant to the Paycheck Protection Program Second Draw Loan, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act for an aggregate principal amount of \$844,818 (the second draw PPP Loan). The second draw PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first ten months of payments deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the second draw PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Company's request to the extent that the loan proceeds are used to pay expenses permitted by the Paycheck Protection Program. The Company applied for and received forgiveness of the second draw PPP Loan with respect to these covered expenses in January 2022 as described in Note 15.

Medi-Weightloss Franchising USA, LLC

Notes to Financial Statements (Continued)
December 31, 2021 and 2020

6. Payroll Protection Program Forgivable Loans (Continued)

The Company has recorded the PPP Loans above in accordance with ASC 470, Debt. The proceeds will remain as debt until either: 1) the loan has been forgiven and the Company has been legally released of the obligation, in whole or part; or 2) the Company pays off the loan. If the PPP Loans are forgiven, the Company will reduce the liability and record revenue on the Statement of Income. The Company received forgiveness in the amount of \$844,826 and \$0 for the years ended December 31, 2021 and 2020, respectively, which is recorded as PPP loan forgiveness on the accompanying Statements of Income.

7. Revolving Line of Credit

In December 2020, the Company renewed its bank revolving credit line in the amount of \$1,000,000 for working capital. Terms include interest at 2.5% above the London Interbank Offered Rate (LIBOR) with interest only payments due monthly. The interest rate has a floor of 3%. The remaining principal and interest is due in February 2022. Borrowings under the bank revolving credit line are collateralized by substantially all the Company's assets and personally guaranteed by the two primary owners of the Company and certain affiliated entities. The balance due to the bank on the revolving credit line was \$499,903 and \$500,000 as of December 31, 2021 and 2020, respectively.

The Company's line of credit agreement with the bank includes a minimum liquidity covenant for the two primary owners of the Company. At December 31, 2021, the Company was in compliance with the financial covenant.

8. Franchisor

During 2021, the Company signed agreements with 11 franchisees for 15 new locations. The Company opened a total of eight new locations in the United States during 2021. The Company had 92 franchised clinics in operation as of December 31, 2021.

There were 18 franchises and 1 licensed business which were owned through affiliates of the Company either fully or through a majority ownership during the year ended December 31, 2021, all of which were open as of the end of the year.

The affiliated franchises contributed a portion of their revenue and expenses to the Company in the following amounts during the years ended December 31:

	2021	2020
Revenue	\$ 2,742,852	\$ 1,765,027
Cost of goods sold	(813,526)	(477,524)
Gross profit	1,929,326	1,287,503
Other expenses	(1,375,688)	(1,088,041)
Net income	\$ 553,638	\$ 199,462

9. Leases

The Company leases its office space from a related party through 2028. The lease provides for an annual base rent starting January 1, 2019 of \$335,000 in year one, and increasing by approximately \$24,000 through year five. Years six to ten include an increase based on CPI with a maximum increase of 3% per year. In addition to the rent payment, the Company will pay annual CAM reimbursements of approximately \$59,000 which will vary from year-to-year based upon actual expenses from the prior year. Rent expense for the years ended December 31, 2021 and 2020 totaled \$449,050 and \$416,575, respectively.

Medi-Weightloss Franchising USA, LLC
Notes to Financial Statements (Continued)
December 31, 2021 and 2020

9. Leases (Continued)

The Company adopted ASU 2014-07, *Consolidation Topic 810, Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements*, and has met the criteria to elect not to consolidate the financial reporting of EJRC Hyde Park Avenue, LLC into the Company's financial statements. Under this accounting policy, the Company elected not to apply the accounting principles for the consolidation of variable interest entities (VIEs) to a real estate leasing company that is related to the Company through common ownership. Consequently, the financial statements for the years ended December 31, 2021 and 2020 do not reflect the effect of having consolidated the real estate leasing company.

In addition, the Company leases office equipment and a vehicle under operating lease agreements expiring at various times through 2028. Lease expense totaled \$341,651 and \$256,835 for the years ended December 31, 2021 and 2020, respectively.

The following is a schedule by year of future minimum rental payments required under the operating leases:

Year Ending	Amount
2022	\$ 446,918
2023	460,668
2024	447,685
2025	449,484
2026	459,822
Thereafter	951,616
Total	<u>\$ 3,216,193</u>

10. Commitments

The Company has entered into various agreements with vendors to produce and ship certain food inventory to customers. At any point, the vendors may have excess inventory that is stored at the vendor's warehouse and not included on the Company's balance sheet as inventory. If the Company decides to change or discontinue a product, as well as terminate the agreement with the vendor, the Company is responsible for any remaining inventory held at the vendor.

11. Concentration of Credit and Economic Risk

The Company maintains its cash at various financial institutions in accounts, which at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

12. Defined Contribution Plan

The Company offers a tax-deferred savings plan which qualifies as a voluntary contribution savings plan under Internal Revenue Code Section 401(k). Employees may provide tax-deferred contributions to individual retirement accounts up to the Internal Revenue Code limit. The Company contributes 3% of the participants' compensation. In addition, the Company may elect annually to make an additional profit sharing plan contribution. For the years ended December 31, 2021 and 2020, the Company contributed \$378,280 and \$216,560, respectively, to the profit sharing component of the plan.

Medi-Weightloss Franchising USA, LLC

Notes to Financial Statements (Continued)

December 31, 2021 and 2020

13. Members' Equity

The Company has 100 voting units and 900 non-voting units, with the member's combined units representing their membership percentage. Net income from operations and any distributions are allocated to the members in proportion to each member's membership percentage. The manager of the Company has the right to request a capital call where each member is required to contribute an amount equal to the member's pro rata share based on their respective membership percentage. Members are not entitled to the return of any member capital contributions, and the Company does not pay any interest on capital contributions. Upon termination or sale, the net proceeds from the liquidating event is distributed 1) to pay all the liabilities of the Company, including liabilities to members, 2) to establish any reserves necessary for any unpaid, future or contingent liabilities or obligation of the Company, and 3) to the members pro rata in accordance with their membership percentage.

14. Related Parties

The Company is affiliated through common ownership and/or business agreements with Medi-Weightloss Clinics, LLC, Physicians Health Management, LLC, Medi-IP, LLC, and EJRC Hyde Park Avenue, LLC. These related entities provide various levels of services and management support to the franchised Medi-Weightloss clinics throughout the United States.

The Company has adopted ASU 2018-17, Consolidation Topic 810, *Targeted Improvements to Related Party Guidance for Variable Interest Entities (VIE)*, and has met the criteria to elect not to apply VIE guidance to the following legal entities under common control.

Medi-IP, LLC (Medi IP) is affiliated to the Company through common ownership. Medi IP owns intellectual property and marks, and licenses them to the Company for use in the franchise system. Of the initial franchise fee, the Company may pay up to \$25,000 to Medi IP for intellectual property licensing rights. In addition, each franchisee pays a monthly fee of \$2,083 that is collected by the Company and recorded as a due to Medi IP. The Company acts as a pass-through conduit and does not record franchise fee revenue or a related expense for amounts collected on behalf of Medi IP. Lastly, the Company's 401(k) plan covers Medi IP, who reimburses the Company for benefits paid on its behalf and costs associated with administration of the plan.

Physicians Health Management, LLC (PHM) is affiliated to the Company through common ownership. PHM is in the business of licensing trademarks and intellectual property to licensed businesses and to the Company for use in the franchise system. In addition, PHM, along with Medi-Weightloss Clinics, LLC own 18 franchises (see Note 8). The Company has a cost sharing arrangement with PHM in which there is an allocation between entities of payroll and certain overhead expenses. The Company allocated \$649,725 and \$369,750 to PHM for the years ended December 31, 2021 and 2020, respectively.

Medi-Weightloss Clinics, LLC (MWLC) is affiliated to the Company through common ownership. MWLC, along with PHM, owns 18 franchises (see Note 8). The Company has a cost sharing arrangement with MWLC in which there is an allocation between the two entities that approximates 2% of the Company's payroll and certain overhead expenses. The allocation is based upon number of units owned by MWLC. The Company allocated \$398,557 and \$284,849 to MWLC for the years ended December 31, 2021 and 2020, respectively. In addition, the Company charges \$350 a month to each of the 18 franchises to cover accounting expenses.

The Company leases its office space from EJRC Hyde Park Avenue, LLC. See Note 9.

Medi-Weightloss Franchising USA, LLC

Notes to Financial Statements (Continued)

December 31, 2021 and 2020

14. Related Parties (Continued)

Amounts due to and from related parties consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Due From:		
Due from PHM	\$ 834,326	\$ 1,124,338
Due from MWLC	512,414	1,099,742
Total due from related parties	<u>1,346,740</u>	<u>2,224,080</u>
Due To:		
Due to Medi IP	(142,501)	(222,828)
Due to Member	-	-
Total due to related parties	<u>(142,501)</u>	<u>(222,828)</u>
Total due from related parties, net	<u>\$ 1,204,239</u>	<u>\$ 2,001,252</u>

During the year ended December 31, 2020, the Company converted \$2,000,000 of related party receivables into member distributions.

15. Subsequent Events

The Company has evaluated all events subsequent to the balance sheet date of December 31, 2021 through the date these financial statements were available to be issued, March 30, 2022, and have determined there are no subsequent events that require disclosure except as noted below.

Subsequent to year end, one franchise was closed. Management has reserved against any potential losses associated with these closings as of December 31, 2021. In addition, there have been one franchise sale subsequent to year end.

In January 2022, the Company received notification that the second draw PPP Loan outlined in Note 6 was forgiven for the full amount of \$844,818.

EXHIBIT B TO THE DISCLOSURE DOCUMENT

**FORM OF
FRANCHISE AGREEMENT**

MEDI-WEIGHTLOSS FRANCHISING USA, LLC

FRANCHISE AGREEMENT

AGREEMENT DATE:

FRANCHISEE:

MEDI-WEIGHTLOSS®
BUSINESS NUMBER:

ADDRESS OF
MEDI-WEIGHTLOSS® BUSINESS:

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MEDI-WEIGHTLOSS FRANCHISING USA, LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “**Agreement**” or this “**Franchise Agreement**”) is, upon execution of this Agreement by both you and us, effective as of _____, 20____ (the “**Agreement Date**”). The parties to this Agreement are MEDI-WEIGHTLOSS FRANCHISING USA, LLC, a Florida limited liability company, with its principal business address at 509 S. Hyde Park Avenue, Tampa 33606, Florida (referred to in this Agreement as “**we**,” “**us**” or “**our**”), and _____, whose principal business address is _____ (referred to in this Agreement as “**you**,” “**your**” or “**Franchisee**”).

I. INTRODUCTION.

1.1. **The MEDI-WEIGHTLOSS® System.** Through the expenditure of considerable time and effort, we and our affiliates have developed a distinctive system (our “**System**”) for the development and operation of businesses that, using our System, Marks and Copyrights, offer and sell to persons of the ages we may designate the Products and Services we designate or approve (the “**Medi-Weightloss® Business(es)**”).

The System, Products and Services form part of our proprietary *medically-supervised* weight loss, wellness, nutritional and weight management program (the “**Medi-Weightloss® Program**” or “**Our Program**”). Our Program forms the fundamental basis of the Medi-Weightloss® Businesses’ efforts to serve the consumer. In most instances, Our Program includes or may include use of our “**Foundational Elements**,” as well as the use, offer or sale of those Products and Services that we refer to in our Manuals as “**Branded Products and Services**,” and “**Ancillary Products and Services**”, as well as “**Medical Products and Services**”. The Medical Products and Services are products or services that may be required by applicable law to be provided by an independent Physician employed by a medical practice (or by you if permitted by law) responsible for supervising and/or monitoring the Medi-Weightloss® Program. Our Program guides the manner of dealing with customers, mix of and use of Products and Services, as well as the general customer experience. Our Foundational Elements are those attributes of our System we do not license to others as part of or in connection with any of the Products or Services we may otherwise sell via the internet or Alternative Channels of Distribution. Currently, we consider the Foundational Elements to include our EMR Software, our diet methods, Manuals, and other services and intellectual property we deem critical to allow someone to commence a Medi-Weightloss® Business.

We use, promote and license certain trademarks, service marks and other commercial symbols in the operation of Medi-Weightloss® Businesses, including the trade and service marks “**MEDI-WEIGHTLOSS®**” (design and word mark); “**THE ONE THAT WORKS!®**”; and other associated logos, designs, symbols and trade dress, which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of Medi-Weightloss® Business (collectively, the “**Marks**”).

We appoint certain persons who meet our standards and qualifications and who are willing to undertake special efforts (“**Franchisees**”) the right (“**Unit Franchises**”) to own and operate an individual Medi-Weightloss® Business. We refer to those granted the right to operate multiple Medi-Weightloss® Businesses (e.g., multiple Unit Franchises) as “**Area Developers**.” Under this Agreement, we grant to you a Unit Franchise to operate your Business subject to the terms and conditions, promises, representations, warranties and acknowledgements contained in this Agreement. By your and our signing of this Agreement, you are becoming and serving as one of our Franchisees for the operation of a Unit Franchise. The Medi-Weightloss® Business you conduct pursuant to this Agreement is sometimes referred to as “**your Business**.”

Franchising of businesses that offer medical or quasi-medical products or services is complex and requires the parties to be flexible. We have incorporated certain flexibilities into our Unit Franchise Program as described below.

Because Medical Products and Services may be required by law to be provided by licensed health care providers, and because some states prohibit non-physicians from owning businesses that provide the Medical Products and Services, we may require the structure of the Medi-Weightloss® Business to result in it being operated by two (2) separate entities: (1) a franchised “**Medi-Weightloss® Business**” and, (2) an affiliated but independent practice (the “**Practice**”). In these instances, the Medi-Weightloss® Business entity signs this “**Franchise Agreement**,” and the Medi-Weightloss® Business and the Practice must sign our form of Medical Practice Management Addendum (“**MPMA**”) in the form attached as Exhibit “H” to our Franchise Disclosure Document. As long as the MPMA meets our minimum criteria, we permit the MPMA to be modified and negotiated between the Medi-Weightloss® Business and the Practice. Often the Practice and the Medi-Weightloss® Business have common owners.

In other instances, we and applicable laws will permit the Medi-Weightloss® Business to be operated by a single entity. In that case the MPMA and a separate Practice is not required, and the Medi-Weightloss® Business employs the Physicians and other Professionals (described below) who provide the Medical Products and Services. But, changes to laws, or the application of laws governing the practice of medicine, referrals, fee-splitting and the like, may require that a Medi-Weightloss® Business that begins operation under one entity, later utilize a separate Practice and sign an MPMA, or otherwise agree to modify the payment structures of the relationship to comply with these laws. This is a risk you must be willing to take.

The “**Practice Management Services**,” which are also offered by Medi-Weightloss® Businesses to the Practices (or which are provided by the Medi-Weightloss® Business to itself if operated as one entity), are those Products and Services provided by Medi-Weightloss® Businesses that we designate in our Manuals from time to time as Practice Management Services, and may include: medical services organization type services; physician practice management type services; leased or shared space; advertising; equipment; and administrative services. Practice Management Services are provided to health care providers who perform services and dispense pharmaceuticals requiring a medical or pharmacy license in connection with the Products and Services (collectively, “**Physician Activities**”). Because in many instances the Medi-Weightloss® Business is operated using both a Franchise Agreement and MPMA, under the MPMA, the Medi-Weightloss® Business will often offer Practice Management Services to the Practice.

So, while the Medi-Weightloss® Businesses provide certain Products and Services, they do not, where prohibited by applicable law or by us, provide the Medical Products and Services, but instead will offer other Products and Services in conjunction with, or separate from the Practice and coordinate marketing and delivery of the Medical Products and Services with the Practice. In instances where the Medi-Weightloss® Business directly employs the Physicians and other Professionals, the Medi-Weightloss® Business, Physicians and other Professionals are responsible for making sure that their relationships retain the independent professional autonomy of judgment that is required by applicable law. In some states, we or applicable law may require that all of the owners of the Medi-Weightloss® Business and or the Practice be licensed Physicians.

When we refer to your Medi-Weightloss® Business(es) or your Business, we mean a combined business offering and selling the Products and Services (either by both Medi-Weightloss® Business and Practice, or just a Medi-Weightloss® Business). However, no matter how we describe them, Medi-Weightloss® Businesses operate (subject to laws governing physician autonomy and the like) under and using our “System” which includes our: clinic management system; accounting system; distinctive business formats; uniforms; color schemes; methods; procedures; system-common practices and processes; advertising practices; hiring practices; designs; layouts; signs; product and service mix; licensed or proprietary software, hardware and electronic devices; standards; specifications; treatment protocols; and System Standards all of which we may improve, further develop or otherwise modify from time-to-time. So, to the extent that the Practice assists with offering the Medi-Weightloss® Program, it too will be required to operate in accordance with the System, while also at all times being required to maintain its professional autonomy and judgment when dealing with its patients.

In conducting your Business, you will need to develop and operate the Medi-Weightloss® Business, and in doing so you must hire or obtain the services of qualified personnel, which may include Advanced Registered Nurse Practitioners, Physician Assistants, medical technicians, medical assistants and similar types of personnel to assist in providing the Products or Services (collectively, the “**Professionals**”). Depending on the laws of your state, the Professionals may be employed by the Medi-Weightloss® Business or the Practice. Professionals may be required by law or by us to work under a Medical Director, either at the Medi-Weightloss® Business or the Practice, who may be required to be an M.D. or D.O., but need not be on-site unless required by state law. As part of the services, if you do not employ a physician to monitor the Medi-Weightloss® Program, you will also be required to refer clients for the Medi-Weightloss® Program to and utilize the physicians who we designate or approve (the “**Physicians**”). You may wish to utilize two Physicians: one on-Site and the other on-call. But you may utilize only one Physician if applicable laws permit you to do so. We do not require the use of two Physicians unless applicable law requires you to do so.

Like the Professionals, the Physicians may be employed by the Medi-Weightloss® Business or by the Practice depending on applicable laws governing their profession. Regardless, you are solely responsible for ensuring that the Medical Director, Physicians and Professionals are properly licensed and certified as required by applicable state law. You are prohibited from engaging in the practice of medicine or engaging in any other activities in violation of applicable state law. In some states, in order for the Physicians to be employed by the Medi-Weightloss® Business, you will need to sign our then current form of Non-Corporate Practice of Medicine Addendum (the “**NCP Addendum**”) attached as an Exhibit to our Franchise Disclosure Document. The NCP Addendum may be negotiated between you and us to comply with applicable laws, rules and regulations.

We refer to Medi-Weightloss® Businesses that are owned or controlled, in whole or in part, by us or our affiliates as “**Company Owned Businesses**” and we refer to Medi-Weightloss® Businesses (or similar businesses) that were licensed by our predecessors or affiliates prior to our offering franchises for Medi-Weightloss® Businesses as “**Licensed Businesses**.” We refer to Company Owned Businesses, Licensed Businesses and Medi-Weightloss® Businesses, Area Representatives and Area Developers as “**System Businesses**.”

1.2. **Acknowledgments**. You acknowledge and agree that:

- (a) You have read, in their entirety, this Agreement, its exhibits and our Franchise Disclosure Document and its exhibits;
- (b) You understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each Medi-Weightloss® Business and to protect and preserve the System, Copyrights and goodwill of the Marks;
- (c) You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a Medi-Weightloss® Business may evolve and change over time;
- (d) An investment in a Medi-Weightloss® Business involves business risks and that your business abilities and efforts are vital to the success of the venture;
- (e) Any information you acquire from other Medi-Weightloss® Business franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information;
- (f) In all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us;

- (g) We have advised you to have this Agreement reviewed and explained to you by an attorney;
- (h) This Agreement is not effective until it is signed by our duly authorized representative;
- (i) Terms not otherwise defined in this Agreement which are defined in our Franchise Disclosure Document (FDD) have the meanings as defined in our FDD; and
- (j) All fees under this Agreement are due regardless of the volume or value of referrals, and the fees paid by you under this Agreement are intended to compensate us for services and rights other than the volume or value of any referrals.

1.3. **Representations**. You represent to us, as an inducement to our entry into this Agreement, that:

- (a) All statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise;
- (b) You will comply with and/or assist us to the fullest extent possible in our efforts to comply with Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war (the “**Anti-Terrorism Laws**”); and
- (c) Neither you nor any of your owners, employees, agents, property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and neither you nor they are otherwise in violation of any of the Anti-Terrorism Laws.

Upon our execution of this Agreement, we have approved your request to purchase a franchise and operate your Business in reliance on all of your representations.

1.4. **No Warranties**. We expressly disclaim the making of, and you acknowledge that you have not received any warranty or guarantee, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of Medi-Weightloss® Businesses. You acknowledge and understand the following:

- (a) Any statement regarding the potential or probable revenues, sales or profits of the business venture are made solely in the Franchise Disclosure Document delivered to you prior to signing this Agreement;
- (b) Any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing Medi-Weightloss® Business (or Practice) owned by us or our affiliates, or that is not contained in our Franchise Disclosure Document, is unauthorized, unwarranted and unreliable and should be reported to us immediately;
- (c) You have not received any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. If there are any exceptions to any of the foregoing, you agree to: (i) immediately notify our Senior Vice President and General Counsel, Derek Kaloust; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it; and

- (d) We make no representations or warranties that the sale, lease, or license of a Medi-Weightloss® Business and/or franchise does not violate any Federal or State laws including, without limitation, Federal and State laws prohibiting kickbacks, self-referral, fee-splitting, corporate practice of medicine, disclosures of ownership interest, or any other law relating to the Practice of a Profession or any other form of healthcare, medicine, Physician Activities, and/or Medical Products and Services.

1.5. **Business Organization.** If you are, at any time, a business organization (like a corporation, limited liability company or partnership) (“**Business Entity**”), you agree and represent that:

- (a) You have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;
- (b) Your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;
- (c) The Owner Statement will completely and accurately describe all of your direct and indirect owners and their interests in you. A copy of our current form of "**Owner Statement**" is attached as Exhibit “E” to our Franchise Disclosure Document;
- (d) You and your owners agree to revise the Owner Statement, as may be necessary, to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes that reduce your ownership below fifty-one percent (51%) may be made without our approval);
- (e) An Owner of the Business Entity with ownership of at least ten percent (10%) of its voting securities must: (i) have a sufficient amount of experience in managing and operating full service Medi-Weightloss® Businesses (in terms of duration, operational responsibilities, previous training, etc.) as a general manager or in a similar supervisory position to demonstrate to us that he/she is capable of managing your Business; (ii) have management responsibility and authority over you or your Business on a day-to-day basis; (iii) be actively employed on a full-time basis to manage the Business' operations; (iv) be bound by our then-current form of Confidentiality Agreement (or other form satisfactory to us); and (v) satisfactorily complete our initial training program and any other training programs we request during the Term;
- (f) Each of your Owners, during the term of this Agreement, will sign and deliver to us our standard form of Owners Guaranty (“**Owner’s Guaranty**”) undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. At our option, we may require each of your owners to execute either the same or a separate Owners Guaranty. A copy of our current form of Owner Guaranty is attached as an Exhibit to our Franchise Disclosure Document; and
- (g) At our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like articles of incorporation or organization and partnership, operating or shareholder agreements).

II. GRANT AND TERM; DESIGNATED AREA AND SITE SELECTION AREA.

2.1. **Grant and Term of Franchise.** Subject to the terms of and upon the conditions contained in this Agreement, we grant you the right to, during the Term: (i) operate your Business located only at the Site (and no other locations); (ii) use the Marks and Copyrights in connection with operating your Business; (iii) use the System in the operation of your Business; and (iv) offer through your Business only the Products and Services we approve (and Other Services if we permit you to do so). The term of the franchise and this Agreement (the “**Term**”) is ten (10) years and begins on the Agreement Date and expires ten (10) years from the Agreement Date. The date your Business opens for business is referred to as the “**Opening Date.**” This Agreement may be terminated before it expires according to the terms of this Agreement. The franchise granted to you under this Agreement allows you to market and provide Products and Services to clients/customers who are of the ages we may designate (and persons between 12 and 18 years of age under our Adolescent Program only).

2.2. Designated Area and Site Selection Area.

- (a) You have applied for a franchise to, within the geographic area we designate or approve as the “**Site Selection Area**”, own and operate a Medi-Weightloss® Business (your Business) operating only at the fixed location approved by, or to be approved by, us (the “**Site**”). The Site and Site Selection Area are (or if determined after execution, will be) designated in **Exhibit "A"** to this Franchise Agreement. Reference to the Site in this Agreement includes your Business (i.e., the Medi-Weightloss® Business and the Practice, if any).
- (b) We may (but we are not obligated to) also designate a geographic area as your “**Designated Area.**” The Designated Area of your Business will, if granted by us, consist of only the Site and the geographic area designated as your Designated Area in **Exhibit “A”** to this Franchise Agreement. Unless we designate a different (or no) Designated Area in Exhibit A, the Designated Area will be the area within a 2-mile (straight-line) radius surrounding the Site. During the term, subject to Sections 2.3 to 2.6 of this Agreement and provided you are in compliance with this Agreement, we will not allow other Medi-Weightloss® Businesses to be physically located in your Designated Area. We do not grant any exclusive territorial rights or protections for the Site Selection Area.

2.3. Rights We Reserve.

- (a) We (and our affiliates) retain the right to:
 - (i) Solicit prospective Franchisees and grant other Unit Franchises, or other persons rights to operate an Area Development Business or Area Representative Businesses or other similar System Businesses, through national or regional advertising, trade shows or conventions, through the use of the internet, intranet, other forms of e-commerce or similar means;
 - (ii) Grant licenses or franchises to others to operate a Medi-Weightloss® Business, or to own and operate a Medi-Weightloss® Business ourselves or through affiliates, anywhere except at a site physically located in your Designated Area;
 - (iii) Grant licenses or franchises to others to operate any System Businesses, or to own and operate a System Business ourselves or through affiliates, anywhere in the world, including at a site physically located in your Designated Area (subject to Section 2.3(a)(ii) of this Agreement);

- (iv) Sell, solicit, recruit and provide services for the Medi-Weightloss® Business, other System Businesses, or any franchised business not defined as a Medi-Weightloss® Business in this Agreement;
 - (v) Sell Products and Services and any Ancillary Products and Services, and provide other Products and Services under the Marks or other trade names, trademarks, service marks and commercial symbols, through similar or dissimilar channels which are not accessible by Medi-Weightloss® Businesses or other System Businesses (like telephone, co-branded sites, or through alternative channels of distribution, mail orders, sites located within other retail businesses, intranet, web sites, wireless text, mobile communication device, email or other forms of e-commerce) for distribution within and or outside of your Designated Area, and under such terms and conditions as we consider appropriate;
 - (vi) Operate and implement Corporate Wellness Accounts and offer other services inside or outside your Designated Area, and anywhere, in accordance with this Agreement;
 - (vii) Solicit prospective franchisees, Area Representatives and Area Developers to own and operate businesses of any other kind or nature, anywhere; and
 - (viii) Grant others the right to do any of the above, as approved by us in writing;
 - (ix) Engage in any act or exercise any rights not expressly provided to you under this Agreement.
- (b) There are no limitations on our right to engage in alternative channels of distribution for any Products and Services.
 - (c) We reserve the right to, and may, in our sole discretion, design methods of distribution so that clients of System Businesses can acquire the Products and Services through Alternative Channels of Distribution like e-commerce, catalog or similar means that we control. We, in our sole discretion, may establish compensation structures to compensate the System Businesses for sales of Products and Services in their Designated Areas associated with those clients according to our then current System Standards. If we do so, you must participate in, and comply with such program according to our System Standards. We may engage in any form of Alternative Channels of Distribution. If we allow you to engage in Alternative Channels of Distribution, you will be required to comply with all of our then current System Standards which we may designate as mark ups, re-sale procedures or other compensation structure, if any.

2.4. **Corporate Wellness Accounts Program**. We have the right (but not the obligation) to establish from time to time a “**Corporate Wellness Accounts Program**” designed to address large or multi-location businesses (or groups of businesses) with multiple employees. A “**Corporate Wellness Account**” is a business or a group of businesses designated or approved by us to whom your Medi-Weightloss Business, another Medi-Weightloss® Business or another System Business will provide (at our discretion) the Medi-Weightloss® Program, and any Approved Products and Services we designate, to each such business’s (or group of business’s) employees. We may require that the Medi-Weightloss Program and any Approved Products and Services, be offered to Corporate Wellness Accounts under special pricing structures designated by us. If we establish a Corporate Wellness Accounts Program, then you may participate if you satisfy our then-current qualifications. However, we are not obligated to solicit Corporate Wellness Accounts for you and you do not have the right to provide products or services to any particular Corporate Wellness Accounts, even if such Corporate Wellness Accounts are located within your Designated Area (if any). Regardless of any contrary provision of this Agreement, you and we agree as follows:

- (a) **No Territorial Rights.** You agree that we or our designee may establish Corporate Wellness Accounts anywhere, including within your Designated Area (if any). We or our designee may do so without violating any of your territorial rights as described in this Agreement and you do not have the right to provide products or services to any particular Corporate Wellness Account, even if such Corporate Wellness Account is located within your Designated Area (if any). For the avoidance of doubt, the services and products provided by us, our affiliates, other franchisees, other Medi-Weightloss® Businesses and other System Business to a Corporate Wellness Account within your Designated Area will be deemed not to violate any territory rights you might have in that Designated Area and you will not receive any compensation from us.
- (b) **Best Efforts.** You must use your commercially reasonable best efforts to provide and sell the Products and Services we designate to Corporate Wellness Accounts (if we request you to do so) on the terms and conditions we specify for the program for those Corporate Wellness Accounts. These terms may vary from Corporate Wellness Account to Corporate Wellness Account depending on the situations and circumstances. We may require that you coordinate your efforts with other System Businesses in order to provide and sell Products and Services to Corporate Wellness Accounts;
- (c) **Alternative Services.** You recognize that some Corporate Wellness Accounts, for whatever reason, may decide that they do not want to do business with you. If that happens, we will cooperate with you to the extent we deem practicable to resolve the Corporate Wellness Account's (or their clients'/participants') concerns. However, if the Corporate Wellness Account (or their clients or participants) continues to refuse to do business with you as a result of your failure to comply with the System Standards, lapses in your client service, or any other reason, we may prohibit you from participating in the Corporate Accounts Program;
- (d) **Indemnification.** You agree to indemnify us against any and all expenses we incur or monies we refund to such Corporate Wellness Account resulting from your failure to provide or sell products and/or services to it;
- (e) **Terms and Conditions.** You must honor the terms and conditions we specify and develop for Corporate Wellness Accounts, including, but not limited to, the maximum pricing for products or services and any service schedules for any Corporate Wellness Account you service; and
- (f) **Eligibility.** Due to the need to insure adherence to the System Standards in selling and providing products and services for Corporate Wellness Accounts, you will not be eligible for assignment of Corporate Wellness Accounts unless you are in full compliance with this Agreement.

2.5. **Adolescent Program.** You will only offer the Products and Services we designate or approve as part of our Adolescent Program to those individuals between 12 and 18 years of age. You will not offer any Products or Services to persons under 18 years of age, if not part of and pursuant to the System Standards for our Adolescent Program. You agree to comply with and only use the System Standards designated in the Adolescent Program Medical Provider Guidelines and the Adolescent Program Start-Up portion of the Manual we will provide for the Adolescent Program.

2.6. **Other Services.** We may permit or require you to provide Other Services. “Other Services” are services not currently offered to be performed at Medi-Weightloss® Businesses which are related to the weight loss industry. For example, Other Services might include weight loss, nutritional, or weight management related catering, or services like smart lipo. If we do so, we will designate the areas in which you can provide the Other Services. You must not perform any Other Services outside of the areas we designate for them. We do not grant you any exclusive territorial rights to any areas for providing Other Services. Your offering of Other Services will be governed by this Franchise

Agreement and you will be required to comply with our System Standards for offering any Other Services. And, we may charge you new and additional fees to offer the Other Services. If you provide any Other Services, you must: (i) ensure that your customers receive, at all times, high quality Products and Services in accordance with our System Standards; (ii) not provide any Other Services to any location outside of the areas we designate for your providing such Other Services; and (iii) be able to provide such Other Services in accordance with applicable laws, rules, and regulations. You must maintain the condition and appearance of and perform maintenance with respect to all vehicles and equipment, if any, used in connection with your providing Other Services in accordance with our System Standards. You must maintain adequate motor vehicle liability and other insurance of the types and in the amounts that we may designate from time to time, if vehicles are used, for such Other Services. If you fail to comply with any of your obligations in connection with providing Other Services, then, in addition to any other rights or any remedies that we may have (including the right to terminate this Agreement), we may temporarily suspend or permanently terminate your rights to provide any particular or all Other Services or restrict the geographic area in which you may provide any or all Other Services.

III. SUCCESSOR TERMS.

3.1. **Your Right to Acquire a Successor Franchise.** Upon the expiration of this Agreement, if you (and each of your owners) have substantially complied with this Agreement during its Term, and provided that:

- (a) You maintain possession of and agree to remodel and/or expand your Site, add or replace improvements, equipment and signs and, otherwise modify your Business as we require to bring it into compliance with specifications and standards then applicable for Medi-Weightloss® Businesses,
- (b) If you are unable to maintain possession of the Site, or if in our judgment your Business should be relocated, you secure substitute premises we approve, develop such premises in compliance with specifications and standards then applicable for Medi-Weightloss® Businesses and continue to operate your Business at the Site until operations are transferred to the substitute premises,
- (c) You have maintained or can demonstrate the establishment of a relationship with a Practice that meets our System Standards and is approved by us, or if you are able to perform or provide the Practice Management Services we then designate, and
- (d) You timely pay to us the Successor Franchise Fee as described in Section 6.22 of this Agreement.

then, subject to the terms and conditions set forth in this Agreement relating to Successor Franchises, you will have the right to acquire four (4) Successor Franchises (each a “**Successor Franchise**”) to operate your Business as a Medi-Weightloss® Business, for additional five (5) year periods on the terms and conditions of the franchise agreement we are then using in granting Successor Franchises for a Medi-Weightloss® Business.

3.2. **Grant of a Successor Franchise.** You agree to give us written notice of your election to acquire a Successor Franchise during the first ninety (90) days of: (i) the ninth (9th) year of the term of this Agreement, or (ii) the fourth (4th) year of the term of any Successor Franchise. We agree to give you written notice (“**Response Notice**”) not more than ninety (90) days after we receive your notice, of our decision:

- (a) To grant you a Successor Franchise;
- (b) To grant you a Successor Franchise on the condition that deficiencies of your Medi-Weightloss® Business are corrected; or

- (c) Not to grant you a Successor Franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term.

If applicable, our Response Notice will:

- (a) Describe the remodeling and/or expansion of your Business and other improvements or modifications required to bring your Business into compliance with then applicable specifications and standards for a Medi-Weightloss® Business; and
- (b) State the actions you have to take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

If we elect not to grant a Successor Franchise, the Response Notice will describe the reasons for our decision. Your right to acquire a Successor Franchise is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice.

If our Response Notice states that you must cure certain deficiencies of your Medi-Weightloss® Business or its operation as a condition to the grant of a Successor Franchise, we will give you written notice of a decision not to grant a Successor Franchise unless you cure such deficiencies, not less than ninety (90) days prior to the expiration of this Agreement. However, we will not be required to give you such notice if we decide not to grant you a Successor Franchise due to your breach of this Agreement during the ninety (90) day period prior to its expiration. If we fail to give you: (i) notice of deficiencies in your Medi-Weightloss® Business, or in your operation of your Medi-Weightloss® Business, within ninety (90) days after we receive your timely election to acquire a Successor Franchise; or (ii) notice of our decision not to grant a Successor Franchise at least ninety (90) days prior to the expiration of this Agreement, if such notice is required; we may extend the term of this Agreement for such period of time as is necessary in order to provide you with either reasonable time to correct deficiencies or ninety (90) days notice of our refusal to grant a Successor Franchise.

3.3. **Agreements/Releases.** If you satisfy all of the other conditions to the grant of a Successor Franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of Successor Franchises for Medi-Weightloss® Businesses. The Royalty Fee and System Branding Fee upon renewal may be greater than the fees we then impose on similarly situated renewing franchisees. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. Failure by you or your owners to sign such agreements and releases and deliver them to us for acceptance and execution within sixty (60) days after their delivery to you will be deemed an election not to acquire a Successor Franchise. Our grant of a Successor Franchise to you is not effective unless and until we sign the Successor Franchise Agreement.

3.4. **Training and Refresher Programs.** Our grant of a Successor Franchise is also conditioned on the satisfactory completion by your Manager/Medical Director (who must be approved by us), and by and such Medical Practice personnel as we may designate of any new training and refresher programs as we or our designees may require. Both you and the Practice are responsible for travel, living and compensation costs of your or their attendees.

3.5. **Subsequent Successor Franchises.** The procedure, fees and other conditions for acquiring any subsequent Successor Franchise will be the same as described above. If any subsequent Successor Franchise is granted, it will be governed under the then-current Successor Franchise agreement.

IV. SITE SELECTION AND DEVELOPMENT.

4.1. **Site Selection.** If you have not done so prior to signing this Agreement, you (with or without our assistance) must, within ninety (90) days of signing this Agreement, locate a Site for your Medi-Weightloss® Business

within the Site Selection Area designated in Exhibit “A” and obtain our approval of that Site. All provisions relating to the Site in this Section also apply to such portions of the Site or adjoining space that is rented or shared with the Practice as part of the Practice Management Services. The Site must meet our criteria, which we will provide you, for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, and proximity to, other Medi-Weightloss® Businesses and other Medi-Weightloss® Businesses; the nature of other Medi-Weightloss® Businesses and Practices in proximity to the Site and other commercial characteristics; suitability for providing Practice Management Services; and the size, appearance and other physical characteristics of the proposed Site. We will approve or disapprove a Site you propose for your Business within thirty (30) days after we receive from you a complete site report and any other materials we request. You acknowledge and agree that:

- (a) Our recommendation or approval of the Site, does not imply, guaranty, assure, warrant or predict profitability or success, express or implied;
- (b) Our recommendation or approval of the Site indicates only that we believe that the Site falls within the acceptable demographic and other criteria for Sites that we have established as of the time of our recommendation or approval of the Site;
- (c) Application of criteria that have appeared effective with respect to other Sites and premises may not accurately reflect the potential for all sites, and, after our approval of a Site, demographic and/or other factors included in, or excluded from, our criteria could change to alter the potential of a Site; and
- (d) The uncertainty and instability of such criteria are beyond our control, and we will not be responsible for the failure of a Site we have recommended or approved to meet expectations as to potential revenue or operational criteria.

4.2. **Relocation of the Site.** If (i) the Lease expires or terminates (other than as a result of your default); (ii) the Site is destroyed, condemned or otherwise rendered unusable as a Medi-Weightloss® Business in accordance with the System Standards; or (iii) we determine there is a change in character of the location of the Site sufficiently detrimental to its business potential to warrant your Business’ relocation, we will permit you to relocate your Business to another Site approved by us within your Designated Area, provided that you comply with all of our System Standards for Site relocation and the replacement Site meets our then-current Site criteria.

4.3. **Lease of Site.**

- (a) **Sublease From Us:** We may, but are not obligated to, lease or sublease the Site to you. If we do so, you agree to sign our then-current form of lease or sublease. If we sublease the Site to you, we may charge a rent that exceeds the cost of rent we pay under our master lease agreement for the Site. By signing this Agreement, we have no obligation to sell, sublease or lease any Site to you.
- (b) **Lease Approval:** If you want to lease the Site from someone other than us, you agree to deliver copies of the proposed lease agreement and related documents to us prior to signing them and obtain an approval of the Lease. You agree not to sign any lease agreement or related documents unless we have previously approved them. You must provide us copies of the lease documents at least 15 days before such approval is requested. Additionally, before entering into such a lease, you and the lessor must include the following provisions:
 - (i) During the term of the lease, the Site/premises may only be used for the operation of the Business and for no other purpose;

- (ii) The landlord must consent to your use and installation of the Marks, trade dress, signage and related features associated with the franchised system that we may prescribe from time to time, subject to the provisions of applicable law;
 - (iii) The landlord must agree to provide us with all revenue and other information that the landlord may have related to your operation of the Business as we may request, and you will consent to the landlord providing such information to us;
 - (iv) The landlord will give written notice to us (concurrently with the giving of such notice to you) of any default (a “**Lease Default**”) by you under the lease by certified mail, return receipt requested, or by nationally recognized overnight courier service. This notice to us shall be a prerequisite for the landlord’s exercise of any remedies resulting from a Lease Default. Such notice will grant us the right, but not the obligation, to cure any Lease Default, if you fail to do so, within fifteen (15) days after the expiration of the period in which you may cure the Lease Default under the lease. Our election to cure shall not be deemed an election to assume the lease, unless and until we expressly do so in writing;
 - (v) In the event of a Lease Default by you or the default of the Franchise Agreement by you, and upon written notice by us to have the lease assigned to us as lessee (the “**Assignment Notice**”), (1) we will become the lessee of the premises and we will be liable for all obligations under the lease arising after the date of the Assignment Notice and (2) the landlord will recognize us as the lessee of the premises effective as of the date of the Assignment Notice;
 - (vi) So long as the lease term continues and you are not in default under the lease, your use, possession and enjoyment of the premises will not be interfered with by any lender of the landlord;
 - (vii) Any Lease Default that is not cured by you within any applicable cure period in the lease constitutes grounds for termination of the Franchise Agreement;
 - (viii) The landlord and you will not cancel, terminate, modify or amend the lease including, without limitation, our rights without our prior written consent’
 - (ix) The landlord and you must acknowledge that we are not a party to the lease, but that we are intended to be a third party beneficiary of the lease with an independent right to enforce its terms against the landlord and you; and
 - (x) The benefits of the lease will inure to us and to our successors and assigns.
- (c) **No Warranty:** You acknowledge that our approval of the lease for the Site does not constitute a guarantee or warranty, express or implied, of the successful operation or profitability of a Medi-Weightloss® Business (including any Practice) at the Site. Such approval indicates only that we believe that the Site and the terms of the lease fall within the acceptable criteria we have established as of the time of our approval. **YOU FURTHER ACKNOWLEDGE THAT WE HAVE ADVISED YOU TO UTILIZE YOUR OWN ATTORNEY TO REVIEW AND EVALUATE THE LEASE.**
- (d) **Lease Indemnification.** You agree to indemnify, appear, defend and hold us and our affiliates, stockholders, directors, officers and representatives harmless from and against any and all

losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that we or they incur resulting from any claim brought against us or any of them or any action in which we or any of them are named as a party or that we or any of them may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of the lease, including the failure to pay rent or any other terms and conditions of the lease.

- (e) **No Subordination.** You will not permit the lease to become subordinate to any lien without first obtaining our written consent, other than the lien created by this Agreement, the lessor's lien under the lease, liens securing bank financing for your operations of your Business and the agreements and other instruments referenced in this Agreement. You will not terminate, modify or amend any of the provisions or terms of the lease without our prior written consent. Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void.
- (f) **Default.** If you breach or default under the lease, or if we pay the lessor any money as a result of your breach of the lease, we will be entitled to possession of the Site and to all of your rights, title and interest in the lease, without limitation on any other remedies available to us under this Agreement, at law or in equity, or under any other agreements between you and us, and we may exercise our rights under this Agreement. This Agreement constitutes a lien on your interest in the lease until satisfaction in full of all amounts you owe us. In addition, our rights to assume all obligations under the lease are optional on our part, to be exercised in our sole judgment.

4.4. **Ownership and Financing.** Instead of leasing a Site, you may propose to purchase, construct, own and operate a Medi-Weightloss® Business on real property owned by you or through affiliates. You must meet certain conditions if you or your affiliates own a Site and you or your affiliates propose to obtain, whether prior or subsequent to acquisition, any financing with respect to the Site, or the Medi-Weightloss® Business, or for any Operating Assets, in which any of these financed items are pledged as collateral securing your performance. The form of any purchase contract with the seller of a Site and any related documents, and the form of any loan agreement with or mortgage in favor of any lender and any related documents, must be approved by us before you sign them. Our consent to them may be conditioned upon the inclusion of various terms and conditions, including, but not limited to, the following:

- (a) A provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to you or your affiliates or the purchaser;
- (b) A provision granting us, at our option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should you fail to do so) within fifteen (15) days after the expiration of a period in which you may cure such default or deficiency;
- (c) A provision which expressly states that any default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for our termination of this Agreement and any default under this Agreement, if not cured within the applicable time period, also constitutes your default under the loan or mortgage; and
- (d) A provision requiring that you, at our option, lease the Site to us if the Franchise Agreement is terminated, assigned, or transferred pursuant to a lease with commercially reasonable terms.

V. **BUSINESS DEVELOPMENT, DECOR AND OPERATING ASSETS.**

5.1. **Business Development.**

- (a) **Designs and Constructions Plans.** You are responsible for developing your Business and ensuring that the Practice (if any) either develops an adjoining portion of the Site, or rents/shares such Site from or to you. To the extent any construction/build out or remodeling is required, you will complete the construction/build out or remodeling of your Business (or converting an existing business) in accordance with our System Standards. You must obtain our approval for and open your Business for business within twelve (12) months of the date of execution of this Agreement (the “**Opening Date**”) (unless we agree in writing to extend that period). We may require you to use an Approved Supplier for design and space planning of the Site.
- (b) You must locate and obtain our approval of your Site within 90 days following the date of the Agreement. You must commence construction/build-out of the Medi-Weightloss® Business within 90 days of our approval of the Site as leased or purchased. You must open the Medi-Weightloss® Business within 12 months of the Agreement Date. In our sole discretion, if you have made full and complete applications for all building permits and all other permits required to open a Medi-Weightloss® Business within thirty (30) days of the date we approve the Site and your lease for it, if any, we may grant to you up to three (3) thirty (30) day extensions to obtain all necessary permits, provided that the delay was due to causes beyond your reasonable control. You must submit documentation of the status of all applications necessary to operate your Business at least ten (10) days prior to the date of each thirty (30) day extension you request. We may furnish you with prototype design plans, specifications, decor and/or layout for a Medi-Weightloss® Business, including requirements for design, color scheme, image, interior layout, and Operating Assets which include fixtures, equipment, signs, and furnishings and space requirements relative to the Practice, if any (collectively, the “**Designs**”). Our Designs may vary by type of Site. These sample Designs are merely to provide guidance on the design and layout of other Medi-Weightloss® Businesses.
- (c) We make no representation or warranty concerning the suitability of the sample Designs for your Site or your Business. Unless your Medi-Weightloss® Business is operating a Medi-Weightloss® Business at the Site being purchased by you from another franchise owner, we will also furnish to you our System Standards with respect to trade dress and other matters of development of the Site which, you agree are an integral part of the System and you agree that you will design and construct the Medi-Weightloss® Business in accordance with them.
- (d) You may be obligated at your expense to have an architect prepare preliminary layout for the Medi-Weightloss® Business and all required construction plans, space plans, and specifications to suit the shape and dimensions of the Site (“**Construction Plans**”) and to ensure that such Construction Plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions, and the mandatory specifications and layout provided by us. You must also ensure that your Construction Plans comply with the corporate practice of medicine laws of your state that may require configuration of your space in a manner to differentiate the Practice from your Business. You must make changes to the Construction Plans that we specify from time to time during the development of your Business and must not begin construction, remodeling or other development of your Business until we have approved the Construction Plans. You must make no changes to the approved Construction Plans unless such changes are presented to and approved by us in writing.
- (e) Despite our providing the sample Designs (and Construction Plans, if any), any changes and approvals that we might provide for them, and your purchase of your Business and its assets from an affiliate of ours or our franchise owner, where we have approved such transfer (if applicable), as between you and us, and our affiliates or other franchise owners, you are solely

responsible for complying with all laws, ordinances, rules and regulations relating directly or indirectly to the construction and development of the Medi-Weightloss® Business, including the Americans With Disabilities Act and any other laws, rules or regulations regarding public accommodations for persons with disabilities. You are solely responsible, as between us (and our affiliates or other franchise owners) and you, for any and all claims, liabilities, costs and damages relating to non-compliance or alleged non-compliance with any such laws, rules, ordinances or regulations, and you must remedy, at your expense, any such non-compliance or alleged non-compliance. You agree to, at our option, assign to us, or require your architect to assign to us, the plans, drawings or Designs, used by you in connection with your Business, or at our option, obtain the architect's agreement to license to us such plans, drawings or Designs for use in connection with the Medi-Weightloss® Business. You will not hire, engage or use any construction firm, contractor or architect that we disapprove.

- (f) Without limiting your foregoing obligations, you agree, at your own expense, to do the following with respect to developing your Business at the Site:
- (i) Secure and provide us proof of your securing all financing required to develop and operate your Business;
 - (ii) Sign a lease or otherwise obtain the right to occupy the Site within one hundred twenty (120) days of the Agreement date;
 - (iii) Obtain all building, utility, sign, health, sanitation, business and other permits and licenses required to construct and operate your Business;
 - (iv) Construct all required improvements to the Site and decorate your Business in compliance with Construction Plans and specifications we have approved (the “**Construction**”);
 - (v) You must give us notice of commencement of the Construction within ten (10) days of the date it began, with progress reports including digital photographs of the construction supporting the findings at least every two (2) weeks thereafter. We may, in our sole discretion and at your expense, require that additional digital photographs be provided to us;
 - (vi) You must commence construction in accordance with our System Standards before the earlier of ninety (90) days following our approval of the Site;
 - (vii) Purchase or lease and install all Operating Assets and acquire all Medi-Weightloss® Business Materials we designate required for your Business;
 - (viii) Purchase an opening inventory of authorized and approved products, materials and supplies; and
 - (ix) Purchase from us (or our designees) the Initial Package.

5.2. **Decor.** You agree that all décor of your Business must be previously approved by us and must comply with our standards as described in the Manuals or other communications, which may be periodically revised. We own all Copyrights in and to all forms of art or other visual media displayed in your Business including murals, paintings, pictures, drawings, sculptures, and photographs that we direct you to display (including any artwork commissioned, if any, for your Business) (the “**Art**”), as well as all intellectual property rights in and to the Art. You will not, without

our prior written permission, allow any of the Art to become a fixture to your Business and you will not display or use the Art in any Competitive Business or Medi-Weightloss® Business of any kind. Your failure to maintain your Business' décor in compliance with our System and the standards described in the Manuals or otherwise constitutes a material breach of this Agreement. You must also obtain the agreement of the Practice to follow our System Standards relating to décor.

5.3. **Initial Package.** Prior to the opening date of your Business, you must purchase from us and install certain Products, supplies, equipment and services for use in decorating and operating your Business, and providing services to the Practice (the “**Initial Package**”). A description of the Initial Package is attached as Exhibit “A” to this Franchise Agreement and made a part hereof by reference. We deliver the Initial Package items at no additional cost, but installation of any items needing installation is your responsibility and is at your own expense. We require that you demonstrate a Certificate of Occupancy for your Site and that you have sufficient staff ready to receive delivery prior to us, our affiliates’ or our designees’ delivery of the Initial Package items. We do not provide any warranty or service guaranty of the products, items or services we provide. Pursuant to Section 6.3, you must pay to us a fee we designate for the Initial Package (the “**Initial Package Fee**”) when you purchase the Initial Package. If you choose to purchase additional products, supplies, equipment or services from us or from the same designees as we designate for the Initial Package, you must pay us or our designees for such additional products, supplies, equipment and services (the “**Additional Initial Package Fees**”). Unless otherwise agreed by us, the Additional Initial Package Fees are due at the earlier of within 15 days of the date of our invoice to you or prior to delivery to you.

5.4. **Operating Assets and Medi-Weightloss® Business Materials.** You are responsible for equipping your Business for operations and making sure that the Practice (if separate) purchases, or leases from you sufficient furniture, fixtures, equipment, supplies, services and materials. We will identify: (a) the fixtures, furnishings, equipment (including point-of-sale registers, facsimile machines, and computer hardware and software) (collectively, the “**Operating Assets**”); (b) medical, weight loss, weight management, nutritional, or health products and services, other Products and Services, materials, inventory, equipment, uniforms, apparel, supplies and signs, emblems, lettering, logos and display materials, advertising, financial and accounting services, and human resources services necessary for your Business to begin or sustain operations (collectively, the “**Medi-Weightloss® Business Materials**”); and (c) the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including us and/or our affiliates). You agree to acquire all Medi-Weightloss® Business Materials and Operating Assets from us or suppliers we have previously approved, which may include us or our affiliates. If we do not designate or approve a supplier for the Operating Assets or Medi-Weightloss® Business Materials, you must purchase them in accordance with, and they must meet our System Standards. We may designate quantities, models, brands and inventory levels of Operating Assets and Medi-Weightloss® Business Materials. We may also require that you purchase only from us or designated suppliers Operating Assets or Medi-Weightloss® Business Materials which bear our Marks. We will only approve suppliers whose Medi-Weightloss® Business Materials and Operating Assets meet the quality standards that we establish from time-to-time. You agree to only place or display at the Site (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve. If you lease or sell any Medi-Weightloss® Business Materials or Operating Assets to the Practice, such lease or sale agreements must be approved by us.

5.5. **Changes to Approved Suppliers.** You must purchase the Medi-Weightloss® Business Materials and Operating Assets from Approved Suppliers, and if an Approved Supplier is not designated, in accordance with our System Standards. You must comply with all of our System Standards for approval and use of, or contracting with third parties and suppliers:

- (a) **Designation and Approval of Suppliers:** The reputation and goodwill of Medi-Weightloss® Businesses and other System Businesses are based upon, and can be maintained and enhanced only by the use of high quality suppliers of services, materials and equipment. We will provide you with a list, that we may modify from time-to-time, of approved manufacturers, suppliers, or distributors of Operating Assets and Medi-Weightloss® Business Materials. We may approve

or designate suppliers, providers, distributors, or manufacturers for any types, models or brands of Medi-Weightloss® Business Materials, Operating Assets, and other equipment and business services that we approve or require for Medi-Weightloss® Businesses or which we designate in the Manuals as relating to the establishment or operation of the Medi-Weightloss® Business, which may include us or our affiliates as one of, or the only approved or designated supplier for certain items or services (the “**Approved Suppliers**”). You agree that you will not, without our written approval, use or authorize any of your personnel or other employees to use any services, material, supplies or equipment and/or suppliers, distributors, manufacturers or service providers not authorized by us for your Medi-Weightloss® Business. We may require that you and your suppliers, manufacturers, distributors or service providers utilize an ordering system we designate in the manner we designate.

- (b) **Review Procedures:** Our approval of Operating Assets, Medi-Weightloss® Business Materials, and Approved Suppliers will be given in the form of Specifications and Standards designated in our Manuals. In approving types, models, brands and suppliers, manufacturers, distributors or service providers, we may take into consideration such factors as quality, warranty and prices. We may approve one or a limited number of suppliers, manufacturers, distributors or service providers in order to obtain lower prices or materials of a more uniform and/or higher quality. If you wish to use any type, model, manufacturer, distributor, supplier, and/or brand of materials, supplies, equipment, or services, you must: (i) notify us in writing; and (ii) submit to us sufficient specifications, photographs, samples and/or other information requested by us concerning such type, model, brand, service, service provider and/or supplier, manufacturer or distributor. We will then notify you within thirty (30) days whether such type, model or brand, supplier, distributor, service provider or manufacturer complies with our specifications, and/or whether such supplier, manufacturer, distributor or service provider meets our criteria for approval. We may from time-to-time prescribe procedures for the submission of requests for approval of types, models, brands, manufacturers, distributors, service providers or suppliers and obligations which approved manufacturers, distributors, service providers or suppliers must assume.
- (c) **Preferred Vendor Programs:** We may develop certain programs and terms under which we, our affiliates or Medi-Weightloss® Businesses receive certain negotiated benefits or terms from Approved Suppliers (“**Preferred Vendor Programs**”). You must follow all of our policies and procedures which we designate from time-to-time for participation in or termination of Preferred Vendor Programs (“**Program Rules**”). We can refuse or terminate your participation in Preferred Vendor Programs without terminating this Agreement. Our Program Rules may require that you only place or display at the office at the Site (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve. We may designate one or more Approved Suppliers (“**Preferred Vendors**”) as an exclusive supplier of types, models or brands of business materials, supplies, operating assets, consumer goods, fixtures or materials and business services that we approve for Medi-Weightloss® Businesses. We may receive compensation, fees, rebates or other consideration for such purchases from Approved Suppliers. Certain Preferred Vendors may require that you enter into agreements with them (subject to our approval) in connection with our designation or your use of them as a Preferred Vendor or participation in their Preferred Vendor Program (“**Preferred Vendor Agreements**”). You agree to do so. We may be a party to such Preferred Vendor Agreements. We may, but are not obligated to, contribute any such fees or rebates received by us from such agreements to the System Development Fund. However, with respect to such contributions to the System Development Fund, if any, we will not be obligated to offset or reduce your obligation to pay to us the System Branding Fee. If we permit you to receive any form of rebates, contributions or remunerations from Preferred Vendors, we may require that you provide to us accountings

of such monies or other remuneration you receive, in the manner we designate in the Manuals. We may charge you fees in the amount we may designate from time-to-time for participating in Preferred Vendor Programs which we evaluate or for which we provide services. If we cancel your participation in any Preferred Vendor Program, we will direct the Preferred Vendor to stop doing business with you on the same terms as it does for other franchisees.

5.6. **Compliance with Laws and Good Business Practices.** You are responsible for making sure that your Business, at all times, complies with all applicable laws, rules and regulations. You will secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of your Medi-Weightloss® Business. You will operate your Medi-Weightloss® Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health, construction warranties, worker's compensation insurance, immigration, unemployment insurance, construction permitting, workplace safety, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You will, in all dealings with customers, suppliers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or marketing practice which may be injurious to our business and the goodwill associated with the Medi-Weightloss® System, the Marks and other Medi-Weightloss® Businesses.

5.7. **Music and Other Audio and Visual Entertainment.** You acknowledge and agree that the provision of music and audio and visual entertainment to patrons of Medi-Weightloss® Businesses is, or may become, an integral part of the System. Accordingly, you agree to play only the type(s) of music and display only the types of visual entertainment, at the decibel levels and in the manners that we may periodically prescribe or approve. You must acquire and install any audio or visual equipment that we designate or require for use by Medi-Weightloss® Businesses and you must subscribe to music and video services as we may periodically specify.

5.8. **Medi-Weightloss® Business Management System.** You must use and follow all of the rules and regulations, specifications and System Standards for the Computer System, business management, medical services operations, physician practice management, billing and point of sale and Purchase Order System (as defined below in this paragraph), scheduling, cost control, and accounting system we designate from time-to-time (collectively, the “**Medi-Weightloss® Business Management System**”). You must utilize the Computer System, if any, which we may designate or approve, in the manner we approve in your utilization of your Medi-Weightloss® Business Management System. You must use our standard supplier or vendor agreements and other agreements related to your Medi-Weightloss® Business Management System that we designate from time-to-time. Your Medi-Weightloss® Business Management System may or will incorporate and consist of such functions as we designate from time-to-time, which may include a mandatory Purchase Order System and rules for participation and use of such Purchase Order System, if any, which we may designate (the “**Purchase Order System**”). For example, this Computer System and Medi-Weightloss® Business Management System includes our EMR Software and Advantage Website/Software. We may require that you obtain the agreement of the Practice to operate using such parts of the Medi-Weightloss® Business Management System as we may designate, and we may require you to lease or sell such items or services to the Practice. Through and as part of your Medi-Weightloss® Business Management System we may require that you establish an operating account with a bank or other financial institution that we designate or approve (the “**Operating Account**”). We may require that the Operating Account be the sole bank account utilized by your Medi-Weightloss® Business and we may be granted the initial automated debt transfers from the Operating Account. You must utilize the Operating Account in accordance with the System Standards as we designate (e.g. Medi-Weightloss® Business Management System rules). We may change, alter or amend the functions, components, System Standards, Computer System, Purchase Order System and any other aspect of your Medi-Weightloss® Business Management System from time-to-time.

5.9. **Medi-Weightloss® Business Opening.** You agree not to open your Business for business until:

- (a) We approve your Business as developed in accordance with our specifications and standards;
- (b) Pre-opening training of you and your personnel has been completed to our satisfaction;
- (c) Pre-opening training of the Practice's (if separate) personnel has been completed to our or our designees' satisfaction;
- (d) The Franchise Fee and all other amounts then due to us have been paid on the dates due (if due prior to opening);
- (e) We have approved the Managers/Medical Directors of your Business and you have demonstrated to us that the conditions of this Agreement relating to them have been fulfilled;
- (f) We have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept;
- (g) We have received signed counterparts of all required documents pertaining to your acquisition or lease of the Site (including your Certificate of Occupancy); and
- (h) Until our marketing department has verified that you have complied with the Start-Up Marketing Checklist and our Operations Department has verified that you have complied with our Opening Checklist, provided in our Manuals.

5.10. **Development of the Business.** You agree that:

- (a) Your Business will not be used for any purpose other than the operation of your Business in compliance with this Agreement;
- (b) You will place or display on your Business such signs, emblems, lettering and logos as are approved in writing by us and no other signs, emblems, lettering or logos;
- (c) While we or our designee will (at our option) sell the Initial Package to you, you remain responsible for its installation, if any and the buildout, manufacture and development of it, and must equip and outfit, remodel or renovate your Business in accordance with our specifications as may be modified from time to time;
- (d) You will maintain the condition and appearance (including interior, exterior and mechanical parts) of your Business in accordance with our standards and will effect such cleaning, repair and maintenance of your Business as we require from time to time;
- (e) You will maintain your Business in good repair and regularly service and maintain it so it remains clean and in good working order;
- (f) You will not lease, loan, provide or sell or otherwise transfer any aspect of your Business to anyone (other than to us) without first obtaining our permission to do so and removing all of the Marks and equipment from your Business (subject to our security interest and right of first refusal); and

- (g) You will not hire or use an individual to operate any vehicle for your Business who does not have a valid driver's license under the laws of the state where your Business operates. Each person who operates vehicles used by your Business must agree to comply with all applicable laws, regulations and rules and to use due care operating and maintaining it.

5.11. **Security Interest.**

- (a) **Grant:** By signing this Agreement you:
 - (i) Grant to us, a first priority security interest in the following assets: the inventory of your Business and all items sold to you as part of the Initial Package (and the Lease), as well as the Franchise Agreement (collectively, the “**Collateral**”). The security interest you grant to us in the Collateral secures your payment and performance of all of your obligations, claims, debts, duties, liabilities conditions and terms, expenses and future advances to you or your affiliates and those amounts which may be incurred by us in connection with the administration or collection of any of your obligations under or in connection with the Agreement;
 - (ii) Agree to sign and deliver to us a UCC-1 Financing Statement, in form and content provided by us describing the Collateral;
 - (iii) Agree to sign and deliver to us all other documents and take all other steps, acts and measures that may be necessary to ensure that we are able to fully perfect a first priority security interest in the Collateral;
 - (iv) Consent to any notices given by us or our affiliates to other creditors designed to perfect our security interest and to grant us first priority. You agree to authorize us to file, in jurisdictions where this authorization will be given effect, a UCC-1 Financing Statement signed only by us describing the Collateral in the same manner as described in this Agreement. You agree to sign and deliver to us for filing additional Financing Statements and any other documents necessary or desired by us for us to establish or maintain a valid security interest in the Collateral (free and clear of all other liens and claims whatsoever), including deposit with us of any certificate of title issuable with respect to the Collateral and notation on that title of this security interest;
 - (v) If you lease any of the Collateral, you agree to assign the leases to us upon demand; and
 - (vi) Agree to sign and deliver to us our form of Conditional Assignment of Telephone Numbers.
- (b) **Exercise of Remedies:** In any case of your default under the terms of the Lease or under this Agreement, we are entitled to exercise any one or more of the following remedies in our sole discretion:
 - (i) To take possession of your Business or other Collateral or any part thereof, personally, or by our agents or attorneys;
 - (ii) To, in our discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of your Business, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;

- (iii) To exclude you, your agents or employees from your Business or other Collateral;
- (iv) As attorney-in-fact for you, or in our own name, and under the powers herein granted, to hold, operate, manage and control your Business and conduct the business thereof, if any, either personally or by the attorney-in-fact's agents, with full power to use such measures, legally rectifiable, as in the attorney-in-fact's discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, granting full power and authority to the attorney-in-fact to exercise each and every right, privilege and power herein granted at any and all times hereafter;
- (v) To cancel or terminate any unauthorized agreements or subleases entered into by you, for any cause or ground which would entitle us to cancel the same;
- (vi) To disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to your Business that may seem judicious, in our sole judgment;
- (vii) At our option, with or without prior notice to you, enter or obtain access to and control of your Business and remove applicable equipment, at your expense;
- (viii) To insure and reinsure the same for all risks incidental to our possession, operation and management thereof;
- (ix) To ensure continuity of care to patients of the Business, and in conjunction with subparagraph (iv) of this Section 5.11(b), access and use or transfer all patient records to other Franchisees, and contact all clients to inform them of the status of your Business and/or the availability of other Franchisees in the Market Area, so that patients may continue and complete their participation in the Medi-Weightloss® Program; and/or
- (x) Notwithstanding any provision of this Agreement, to declare all of your rights, but not obligations under the Agreement, to be immediately terminated as of the date of your default under the lease.

5.12. **Start-Up Marketing Campaign**

- (a) **Amount of Campaign.** You agree to conduct a grand opening and promotional program (the "**Start-Up Marketing Campaign**") for your Business at your cost. You must spend an amount that we designate for your Start-Up Marketing Campaign, which amount will be between \$3,000 and \$12,000. You must conduct the Start-Up Marketing Campaign during the period prior to and during the first 3 months your Business is open. The Start-Up Marketing Campaign utilizes the marketing and public relations programs and media and marketing materials we have developed or approved and may be provided by vendors we have designated or approved. We advise you on how to conduct, the Start-Up Marketing Campaign to the extent and in the manner we designate. We do not represent or guarantee that all Start-Up Marketing Campaigns will be uniform or will fulfill all marketing needs of your Medi-Weightloss® Business to make it successful. You are responsible for all marketing expenses in addition to the Start-Up Marketing Campaign.

- (b) **Process of the Campaign.** Our “**Corporate Marketing Department**” serves, to the extent we designate from time to time, as a resource for all Medi-Weightloss® Businesses. Currently, we publish an annual marketing and promotions calendar (on Advantage), share best practices (on MediNews), and develop and approve all advertisements and marketing material for Medi-Weightloss® Businesses. We aim to provide each Medi-Weightloss® Business with the tools they need to successfully market and increase their patient base. But, it is the responsibility of each Medi-Weightloss® Business to determine its best local advertising strategy and plan, coordinate advertising with local vendors, request chosen advertisements through Advantage, and track performance. Our Corporate Marketing Department will provide extra support (to the extent we designate in our sole discretion) during Start-Up and Year 1 to help you meet all advertising deadlines and to staff your marketing policies and procedures. After review of your local market, competition, and marketing opportunities, a recommended Start-Up Marketing Campaign is developed as a starting point for each new Medi-Weightloss® Business. You are responsible for supplying local knowledge and must review the recommended Start-Up Marketing Campaign, developed based on meeting the minimum required marketing expenditure (according to our System Standards), prior to Initial Training. We may recommend that you hire a local advertising, marketing, or PR firm to research local marketing opportunities; this may be part of your Start-Up Marketing Campaign or recommended at a later date and can be included toward your Local Advertising expenditures. Our Corporate Marketing Department, based on your feedback, we will finalize the plan.

5.13. **Regulatory Review.** One of your obligations is to ensure that our model for: (a) an affiliated Practice to engage in the Physician Activities and to provide the Medical Products and services (and any other aspects of the Practice of a Profession or the Practice of Medicine that you are prohibited from performing); or (b) your employing and/or being owned by the Physicians complies with the applicable laws, rules and regulations in your state. We reserve the right to require that you complete and provide us with a copy of a regulatory review of the legal and health care rules and regulations in your state that apply to your operation of your Business and your relationships with the Practice, including an opinion of legal counsel. The legal opinion must address whether or not you may operate a Medi-Weightloss® Business in your state, the restrictions that apply to your Business' operations and its relations with the Practice, and whether such laws are consistent with this Agreement. If (a) such regulatory review would render it impossible or impractical to operate a Medi-Weightloss® Business in your state in accordance with this Agreement, and (b) you and we are unable to modify your operations to enable the Medi-Weightloss® Business to comply, then either you or we may terminate this Agreement immediately on written notice. Our failure to require you to conduct, or waiver of your obligation to conduct, the review is not a representation or opinion on our part that the operation of your Business is, or is not, in compliance with applicable laws.

5.14. **Physicians and the Practice.** Upon notice to you, we may to the extent permitted by law require that you establish relationships with or otherwise refer clients for medical services associated with the MEDI-WEIGHTLOSS® Program only to physicians whom we designate or approve, in accordance with applicable law, through which such physicians (the “**Physicians**”) may provide medical or other services related to the MEDI-WEIGHTLOSS® Program, the Physician Activities or the Medical Products and Services. Such Physicians may be required by us to operate through a Practice. You must comply with all of our policies and procedures for interacting with the Physicians and such Practice and for making referrals of their services to customers. You must establish billing policies that we designate or approve. For example, you must comply with all of our policies and procedures for establishing payment relationships with and the sale or lease of Practice Management Services to such Physicians and such Practice, and we must review and approve such agreements before you enter into them. Notwithstanding the

foregoing, you are responsible for ensuring that your business and its payment practices and relationships with the Physicians and Practice comply with all applicable law.

5.15. **Technicians and Medical Assistants.** We may require that you hire (or subject to our System Standards contract with) such numbers of qualified Medical Director(s), ARNPs, Physicians' Assistants, nutritionists, medical technicians, cosmetologists, medical assistants and similar types of personnel as we may designate from time to time (the "**Professionals**"). You must ensure that such Professionals are properly licensed in the states in which you operate, and you are responsible for compensating such Professionals in accordance with applicable law. In the event that applicable law prohibits you from receiving monies directly for the services provided by such Professionals, you must, in accordance with our System Standards, establish relationships with such Professionals such that the customers compensate them directly or which otherwise comply with applicable law. For example, we may require that such Professionals be employed by a Practice and that their services be billed through the Practice.

5.16. **Medical Director.** To operate your Business, we, or applicable law, may require that you must have among your Professionals and managers a Medical Director ("**Medical Director**") who meets our minimum standards and specifications for being a medical director of a Medi-Weightloss® Business. Your Professionals will function under the Medical Director's protocols and license. If, for any reason your Medical Director withdraws from your Business, ceases to act, or is no longer capable of acting as your Medical Director, you must remain in compliance with all applicable laws, notify us immediately and thereafter immediately replace that Medical Director with one whom meets our minimum System Standards, and follow all of our other policies and procedures for replacement of a Medical Director. We also reserve the right to approve your Medical Director, and he/she must comply with the orientation and training procedures we designate from time to time. Therefore, your selection of a Medical Director, and maintaining him or her in that role, is subject to our approval. The Medical Director must agree to actively participate in communication networks, knowledge sharing and quality control methods we specify. Your Medical Director's role will include the responsibility to interact with, manage and be responsible for your relationships with the Physicians, other Professionals and the Practice. We may require your Medical Director to have an equity interest in your Business in a manner and amount we may periodically specify, if necessary to comply with applicable laws, rules or regulations.

5.17. **Compliance with Healthcare-Related Laws.** Without limiting your other obligations under this Agreement to comply with all applicable laws, you must ensure that your relationships with the Practice, Physicians and the Professionals, and the manner in which your Business provides the Products and Services complies with all applicable laws, rules, regulations, ordinances and standards of professional conduct. As indicated above, we may require you to restructure your compensation arrangements with us, the Practice, Physicians or the Professionals in order to comply with all applicable laws. You are responsible for ensuring that the Professionals and the Physicians, as well as any other healthcare-related professionals who are employed by or work with you in any manner, are properly licensed, certified, trained, educated and experienced to perform the tasks assigned to them or to which they are likely to engage in connection with their relationship with you, your clients or the Medi-Weightloss® Business. You agree that, to the extent we designate in the System Standards (guidelines) or is otherwise prohibited by applicable law, you will not bill nor accept any form of insurance, including Medicare, Medicaid or private insurance, for or in connection with the services rendered or any other activity or service in connection with your customers. However, in limited circumstances, we, subject to our System Standards, may permit you to service customers whose services are paid for or reimbursed by self-insured companies or third party payors we designate or approve. You understand and agree that this limitation may restrict the customers/clients to which you market or provide services (such as prohibiting you from offering or selling to Medicaid and Medicare, or insurance reimbursed customers), and you willingly accept such limitation so that you may focus the activities of your Business, and limit them, to the extent we may designate, to cash payment on fee-for-service basis. By "**cash payment on a fee-for-service basis,**" we mean that you may charge your customers fees paid by credit card, with cash, debit card, checks or the like, which are paid directly by the customer and not by any public or private insurance carrier or fund. In order to comply with then current laws and regulations, you will be, from time to time, required to sign and deliver to us our then current form of Business Associate Agreement that relates to HIPAA and patient privacy issues.

5.18. **The Practice of a Profession.** You understand that: (i) we do not intend to be in the business of providing physician or professional medical services; (ii) activities ancillary to the conduct of your Business involve the Practice of Medicine; and (iii) as a franchise owner and operator of a Medi-Weightloss® Business, this Agreement envisions that either the individuals, Physicians or Professionals with whom you, your customers or we contract, advise, counsel, supervise or employ may, to the extent permitted by applicable law, order tests, diagnose diseases or medical conditions, prescribe or conduct treatment of individuals, perform operations, prescribe drugs for various human diseases, pain, injuries, deformities or other physical or mental conditions or engage in other activities commonly referred to as the “**Practice of Medicine,**” “**Practice of Pharmacy**” “**Nutritional Therapy**” or other professions requiring licensure, certification or training under applicable laws (collectively, the “**Practice of a Profession**”). The Practice of a Profession is the responsibility of the Physicians, Professionals and the Practice (if separate). In this regard, this Agreement envisions that, although Physicians (including the Medical Director) or Professionals may order tests, diagnose diseases or medical conditions, prescribe or conduct treatment of individuals, perform operations, prescribe drugs for various human diseases, pain, injuries, deformities or other physical or mental conditions, engage in other Physician Activities or the Practice of a Profession, or otherwise offer the Medical Products and Services, or engage in other activities commonly referred to as the Practice of Medicine requiring licensure, certification or training under applicable laws, the Practice of Medicine will not be performed by the franchisee -- you -- or at or in connection with your Business unless, and only to the limited extent that, the activities are (i) ancillary to the conduct of your Business and directly related to the MEDI-WEIGHTLOSS® Program; and (ii) conducted in compliance with all applicable laws. Therefore, unless permitted by both applicable laws and us, the Practice will be a separate entity from you and be required to perform the Practice of Medicine. Even where the ownership of both the Practice and the Medi-Weightloss® Business by Physicians is permitted, or where the employment of Physicians and Professionals is permitted by an entity owned by non-Physicians and non-Professionals, we may still require the Practice to be a separate entity. Except as set forth in the immediately preceding sentences, any Practice of Medicine by you, your owners, the Physicians, the Professionals, or any other persons must be performed at a location other than your Business. We require that any agreements between you and the Practice be approved by us. We may require that the standard terms and conditions in our Medical Practice Management Agreement, provided as an Exhibit to our Franchise Disclosure Document, as may be modified by our Manuals from time to time be included in those agreements. However, we, or our predecessors and affiliates, do not and will not intentionally engage in the Practice of a Profession at or in connection with your Business. Furthermore:

- (a) **Licensure.** You acknowledge and agree that the Practice of a Profession and certain other medically related activities may be performed only by lawfully licensed or certified professionals, or in certain circumstances permitted by law under the direct supervision and control of a lawfully licensed certified professional. Accordingly, interpretation of data, testing and screening, manipulation or touching of the body, provision and diagnosis of nutritional and weight loss programs, and other services which require licensure, training or certification under applicable law, must only be performed by qualified trained and licensed professionals. You recognize that in some states, operation of the medically supervised aspects of the Medi-Weightloss® Program or the prescribing or dispensing of pharmaceuticals through Medi-Weightloss® Business(es) may be considered to be the Practice of Medicine or otherwise a Practice of a Profession, and you, your Professionals and Physicians may require a medical, pharmacology, pharmacy, or some other form of license to enter into, or perform services under this Agreement that are deemed a Practice of a Profession. You recognize that in all states, the individuals who engage in the Practice of Medicine (particularly the prescribing of medical treatment like pharmaceuticals) must be licensed physicians or otherwise be permitted by law to engage in the Practice of Medicine. We do not make, and have not made, any representations of any kind whatsoever that this Agreement does, or does not, violate: any laws governing the Practice of Medicine or Practice of a Profession, or the various legal doctrines prohibiting lay person ownership of businesses engaged in the Practice of Medicine--commonly referred to as the “**corporate practice of medicine**”; HIPAA; any federal or state law, rule or regulation governing Medicare or Medicaid, including state and federal laws regulating the relationships between providers and suppliers of health care products and services on one hand and physicians

and other providers and suppliers of health care products and services on the other hand; the Fraud and Abuse provisions of the Medicare and Medicaid Statutes; state and federal laws governing self referral by physicians; fee splitting; patient brokerage prohibitions; anti-kickback prohibitions; or any other law, rule or regulation related to the field of medicine or public health. You are responsible for ensuring that your Business and its relationships with Physicians, Professionals and Practice(s) comply with all laws, rules and regulations applicable to the operation of your Business. You should check the various state and federal laws and regulations governing the Practice of a Profession and the structure of entities involved with those fields. If we determine that applicable laws, rules or regulations require, or in our judgment it is prudent to do so, we may require you to sign and deliver to us our then-current form of Non-Corporate Practice of Medicine Addendum to our Franchise Agreement, which will modify and supersede conflicting terms of this Agreement (the “**Non-Corporate Practice Addendum**”) to the extent we deem necessary. Our current form of the Non-Corporate Practice Addendum is attached as an Exhibit to our Franchise Disclosure Document. You must provide to us such materials and information as we may designate to demonstrate that you are in full compliance with applicable laws.

- (b) **No Interference.** We may not and will not interfere with, supervise or assume any responsibility for you or your Professionals’, Physicians’ or other employees’, contractors’ or agents’ exercise of their medical professional judgment with respect to treatment of customers. This provision controls and modifies any other contrary provision of this Agreement that would in any manner affect or purport to limit the independent exercise of medical professional judgment by you, your Professionals, Physicians or employees, contractors or agents or that would require us to engage in any activity that would constitute the Practice of Medicine or any other form of a Practice of a Profession. All medical decisions, acts or omissions made by, or in connection with, any person in any way associated with your Business in the course of the Practice of Medicine or any other Practice of a Profession will be the decisions of the individual professionals involved and will not be affected by or attributed to us.
- (c) **Responsibility for Treatment.** You acknowledge and agree that we will in no way whatsoever be responsible for and you will indemnify us against any decisions, acts or omissions related to the medical treatment of, Practice of Medicine or any other Practice of a Profession in relation to, or violation of the privacy interests of any person in any way whatsoever associated with your Business. You agree to take all necessary measures to inform all individuals associated with and potential customers of your Business that we have no control over or responsibility for any person’s or persons’ Practice of Medicine or any other Practice of a Profession.

VI. FEES.

6.1. **Franchise Fee.** On the Agreement Date, you must pay to us the amount we designate as the “**Franchise Fee**” in **Exhibit “A”** to this Franchise Agreement. The Franchise Fee is due in lump sum payment, and is fully earned and non-refundable when paid. In return for the Franchise Fee, we grant the franchise to you and pay our affiliate for certain licensed intellectual property.

6.2. **Training Fee.** On the Agreement Date, you must pay to us a \$5,000 “**Training Fee**”. The Training Fee is due in lump sum and is not refundable. In return for the Training Fee, we provide the Initial Training described in this Agreement.

6.3. **Initial Package Fee.** You must pay to us the Initial Package Fee designated in **Exhibit “A”** to this Franchise Agreement in lump sum. The Initial Package Fee is due on the earlier of: (1) the date which is 120 days after the Agreement Date, or (2) the date which is 14 days after you execute a lease for your Site. The Initial

Package Fee is fully earned by us and is not refundable under any circumstances. If you choose or purchase Additional Initial Package items from us prior to your commencing operations, we will not invoice you for such Additional Initial Package Fees until after your Opening Date.

6.4. **Optimization Services.** We may offer optional website optimization, marketing and pay per click campaigns, Recruiting Services, E-Signature Services, and other similar services. If you elect to participate in these services, you must pay our then current fees on the Payment Day(s) we designate. Our current listing of these optional fees and services is listed on **Exhibit “A.”** The listing of these fees and services, along with then current fees will be published in our Manuals from time to time or sent to you via other form of informational update that we designate. We may require you to sign our then current form of optimization addendum or purchase order, in order for you to purchase these optimization services.

6.5. **License Fee.** You recognize that we may pay to an affiliate as intellectual property licensing fees such amounts of the Franchise Fee and Royalty Fee as we may designate in our sole discretion.

6.6. **Royalty Fee.**

- (a) **Royalty.** In return for our providing you the right to use the System during the term, you must pay to us a “**Royalty Fee**” for each Accounting Period (defined below). The Royalty Fee is an amount equal to the greater of: (1) Two Thousand Two Hundred Fifty Dollars (\$2,250.00), or (2) Ten percent (10%) of your Gross Sales for the prior Accounting Period. The Royalty Fee is payable on the Payment Day of each Accounting Period.
- (b) **Prior Area Development Agreements and Conversions.** Notwithstanding the foregoing under Section 6.6(a), above, if you have signed an Area Development Agreement with us that provides for a different Franchise Fee or Royalty Fee, we will honor that amount.
- (c) **Payment Process.** The “**Accounting Period**” is monthly. The first “**Payment Year**” begins on the first day of the calendar month in which the Opening Date occurs. The “**Opening Date**” is the date we approve your Business to open and begin accepting clients. Each subsequent Payment Year commences on the anniversary of the Opening Date. You must pay us the Royalty Fee so that we receive it on or before the 3rd business day following the Report Day, or such other day as we may designate (the “**Payment Day**”) (currently the 15th of the month) for the immediately preceding Accounting Period. If it is determined that applicable laws or regulations will not permit the payment of the Royalty Fee in the manner contemplated, we may also require you to revise the method and calculation of payment of the Royalty Fee in the manner we designate to otherwise comply with applicable laws governing the corporate Practice of Medicine and the Practice of a Profession. Such form is attached as an Exhibit to our Franchise Disclosure Document.

6.7. **Insurance Premiums and Administrative Fee.** We may charge you our then current administrative fees if you acquire insurance via our group insurance policies. Also, if you fail to pay any required costs, such as insurance, marketing expenses, etc. and we pay these costs for you, we reserve the right to charge you an administrative fee equal to 15% of the amount we paid on your behalf (the “**Administrative Fee**”). In addition, you must reimburse us for any amounts advanced on your behalf.

6.8. **Transfer Fee.** At or prior to the time we approve and you sign the agreements to transfer your franchise, you must pay us a Transfer Fee of \$18,750 (the “**Transfer Fee**”), plus any broker fees or franchise sales commissions we may owe to any franchise brokers or franchise salespersons as a result of the transfer.

6.9. **Local Marketing Requirements.** We require you to expend, in addition to the Start-Up Marketing Campaign, Thirty Six Thousand and No/100 Dollars (\$36,000) per year (i.e., Eighteen Thousand and No/100 Dollars (\$18,000) semi-annually) on Local Marketing Expenditures as defined in our Manuals. If you fail to do either, we can spend these monies on your behalf and you must reimburse us for those expenditures.

6.10. **System Branding Fees.** Each Accounting Period (currently monthly) you must pay us a System Branding Fee equal to the greater of (1) Two Hundred Fifty Dollars (\$250.00), or (2) a percentage of your Gross Sales (which percentage will be designated by us and will not exceed 2%) for the prior month (our “**System Branding Fee**”). The System Branding Fee shall be payable on the Payment Day of each Accounting Period. The System Branding Fees are fully earned and non-refundable when paid.

6.11. **Electronic Funds Transfer.** We may require you to pay all payments of the Royalty Fees and other fees due us or our designees (like Medi IP) under this Agreement to us or our designee by electronic funds transfer. If we do so, we will designate the day of the week (the “**Payment Day**”) for the Royalty Fee and/or other payments due us. You agree to comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. In addition, on the Payment Day, you will report to us by telephone, electronic means (e.g. facsimile transmission or via e-mail, internet or intranet) or in written form, as we direct, your Business’ true and correct Gross Sales for the immediately preceding Accounting Period. You will give us or our designee authorization, in a form that we designate or approve, to initiate debit entries or credit correction entries to your Business’ bank operating account (the “**Account**”) for payments of Royalty Fees and other amounts due under this Agreement, including any applicable interest charges. You will make the funds available in the Account for withdrawal by electronic transfer no later than the Payment Day.

6.12. **Definition of Gross Sales.** As used in this Agreement, the term “**Gross Sales**” means all revenue you derive from operating your Business, including, but not limited to, all amounts you receive at or away from the Site from any activities or services whatsoever including any that are in any way associated with the Marks, Copyrights or System, and whether from cash, check, barter, credit or debit card or credit transactions, including the redemption value of gift certificates redeemed by you regardless of whether such gift certificates are issued by you or someone else; but excluding customer discounts and contractual adjustments actually made by your Business which are allowed by us. In the event your Business receives monies from the Practice, Physicians or Professionals, we will include those monies in the Gross Sales.

6.13. **Interest on Late Payments.** All amounts which you owe us will bear interest after their due date at the annual rate of eighteen percent (18%) or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to, or otherwise finance your operation of, your Business. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement.

6.14. **Late Payment Penalties.** All Royalty Fees, System Branding Fee, amounts due for purchases by you from us, and any interest accrued thereon, and any other amounts which you owe us or our affiliates, are subject to a “**Late Payment Fee**” of five percent (5%) of the amount due. The Late Payment Fee is due immediately upon any delinquent payments and is in addition to any other fees due and payable to us. The provision in this Agreement concerning Late Payment Fees does not mean that we accept or condone late payments, nor does it indicate that we are willing to extend credit to, or otherwise finance the operation of, your Business.

6.15. **Application of Payments.** Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us.

6.16. **Payment Offsets.** You acknowledge and agree that we have the right to set-off from any amounts that we may owe you or your owners: Any amount that you or your affiliates or any other Medi-Weightloss® Business to

which you have legal or beneficial ownership (“**Affiliated Franchises**”) owe to us, or our affiliates, for any reason whatsoever, including without limitation, Royalty Fees, System Branding Fee, Late Payment Fees and late payment interest, amounts owed to us or our affiliates for purchases or services or for any other reason. Thus, payments that we make to you may be reduced, in our discretion, by amounts that you owe or your Affiliated Franchises to us or our affiliates from time-to-time. In particular, we may retain (or direct to our affiliates) any amounts that we have received for your account as a credit and payment against any amounts that you may owe to us, or our affiliates, at any time. We will notify you monthly if we elect to do so.

6.17. **Discontinuance of Service.** If you do not timely pay amounts due us under this Agreement, we may discontinue any services to you, without limiting any of our other rights in this Agreement.

6.18. **Other Fees.** In addition to the fees and payments listed in this Section 6, we have listed other fees, payments and amounts due for services and other items elsewhere within this Agreement, and you agree to pay such fees, payments and amounts in accordance with the terms and conditions of the Sections in which they appear. Unless otherwise stated in this Agreement, all fees due us are due within fifteen (15) days of our invoice to you.

6.19. **CPI.** All fixed dollar amounts used in the Franchise Agreement and any Addenda may, in our sole discretion, be adjusted as of January 1st of each year in proportion to the changes in the Consumer Price Index (U.S. Average, all items) maintained by U.S. Department of Labor (or such equivalent index as may be adopted in the future) between January 1, 2022 and January of the then-current year (the “**Index**”). Each adjustment will be made effective as of January 1st based on the January Index, but the 1st adjustment will not be made until the 2nd January following the Agreement Date (i.e., for an Agreement Date of July 1, 2022, the 1st adjustment would be effective as of January 1, 2024). Our failure to adjust any fixed dollar amounts due to changes in the Index at any time does not constitute a waiver of our right to make future adjustments. However, we will not impose such adjustments retroactively.

6.20. **Software Fees.** You must pay to us any computer license or proprietary software fees we may designate from time to time in our sole discretion (see Section 11.7). For example, these fees will be for additional applications, enhancements and the like that are licensed via third parties. The current Software Fees are included on Exhibit “A”.

6.21. **Successor Franchise Fee.** Prior to our granting to you any Successor Franchise, you must, at the time of signing the Successor Franchise Agreement, pay to us a Successor Franchise Fee in the amount of Five Thousand Dollars (\$5,000).

VII. TRAINING AND ASSISTANCE.

7.1. Initial Training.

- (a) **Owner/Manager Training.** Before your Business opens, we will furnish our initial training program (“**Owner/Manager Training**”) on the operation of a Medi-Weightloss® Business to you (or, if you are a Business Entity, a person having management rights and powers (e.g. officers, managers, partners, etc.) (“**Manager(s)**”), and up to two (2) other managerial employees you elect to enroll in the training program. Owner/Manager Training for three (3) persons is included with the Franchise Fee. You and the other two trainees must complete the Owner/Manager Training to our satisfaction. The timing of the training currently ranges from two (2) to five (5) days of training for you (or your Manager) and your managerial employees. It will be furnished at our designated training facilities and/or an operating Medi-Weightloss® Business.
- (b) **Opening Team.** We provide you with an “**Opening Team**” of personnel we designate, and at such times as we designate, to assist with your opening and initial staff training at your Business. The Opening Team of at least one (1) member for up to two (2) days is included with the

Franchise Fee. You must participate in our conducting Opening Team activities while at your Business and we provide training to your staff and to you while the Opening Team is at your Business. At our option, you must provide an alternative training facility if we feel that construction or other distractions prevent us from satisfactorily performing the training at your Business.

7.2. **Completion of Initial Training.** Successful completion of the initial Owner/Manager Training and any additional or extended initial training we require (including training of your Manager and managerial employees and staff) is a condition to the opening of the Medi-Weightloss® Business to the public.

7.3. **Staff Training Program.** All of your staff must complete on-the-job training. All staff must be trained by an instructor approved by us. We require you to train all of your staff on the System Standards prior to your Opening Date. Generally, this initial training is conducted while the Opening Team is at your Business. We may require you to provide this training to your staff after the Opening Team is finished. You are responsible for all costs of your staff attending the training.

7.4. **Professional Training.** Before your Business opens, our designee will furnish an initial training program lasting approximately two (2) to five (5) days for up to two (2) Professionals and other employees or independent contractors working for or in connection with your Business, at no additional charge (the “**Professional Training**”) if your Physicians and Professionals are employed by you. If we or your state require that your Professionals and Physicians be employed by a Practice, then the Practice will be responsible for our designees’ then current fees for such Professional Training. The Professional Training lasts approximately two (2) to five (5) days and may be furnished at our designee’s designated training facility. Each of your Physicians and other Professionals is required to complete the Professional Training to our satisfaction. We, in our sole judgment, may require other employees or independent contractors employed by or working with you, to attend, and complete Professional Training to our and our designee’s total satisfaction. We, in our sole judgment, may, or may permit our designee to change, modify, amend or designate the content of the Professional Training. You are responsible for all travel, living, professional liability insurance, and compensation expenses associated with such persons who attend the Professional Training. If we or our designee determine that any of your Physicians or other Professionals are unable to complete the Professional Training to our or our designee’s satisfaction and you continue to employ such Physicians or Professionals, we have the right to terminate this Agreement.

7.5. **Additional Training.** We may require you (or your Manager/Medical Director and/or previously trained and experienced employees/ Staff) to attend periodic refresher training courses at such times and locations and using such methods that we designate. If we require you, your Managers and/or any previously trained and experienced employees to re-take or attend additional or extended initial training, or if, at any time after your Business opens, you hire additional management personnel or replace one or more of your Managers/Medical Directors, the employees must satisfactorily complete our additional training program at your expense (“**Additional Training**”).

7.6. **General Guidance.** We will advise you from time-to-time regarding the operation of your Business based on reports you submit to us or inspections we make. In addition, we will furnish guidance to you with respect to:

- (a) Standards, specifications and operating procedures and methods utilized by Medi-Weightloss® Businesses;
- (b) Purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies;
- (c) Product and Service inventory practices and purchasing practices;
- (d) Use of suppliers, approved products, volume buying;

- (e) Marketing programs, sales, pricing policies and the like;
- (f) Employee, and management training;
- (g) Your relationships with Physicians, Professionals and Practices; and
- (h) Administrative, bookkeeping and accounting procedures.

Such guidance will, at our discretion, be furnished in our Manuals, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or your Business.

At your request, we will furnish additional guidance and assistance. If your requests for additional or special training and guidance are, in our opinion, excessive we may charge you a fee to cover expenses that we incur in connection with such training or guidance, including per diem charges and travel and living expenses for our personnel.

VIII. MARKS.

8.1. **Ownership and Goodwill of Marks.** Your right to use the Marks is derived solely from this Agreement and limited to your operation of your Business at the Site pursuant to, and in compliance with, this Agreement and all System Standards we prescribe from time-to-time during its Term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate your Business in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

8.2. **Limitations on Your Use of Marks.** You agree to use the Marks as the sole identification of your Business, except that you agree to identify yourself as the independent owner in the manner we prescribe in the Manuals or otherwise. We may require you to place a conspicuous notice at a place we designate in your Business identifying you as its independent owner and operator. You agree not to remove, destroy, cover or alter that notice without our prior consent. If you do not comply, we may accomplish this task as we see fit and place the notice or identification anywhere we see fit, and you agree to reimburse us for doing so. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Mark may be used in any marketing or advertising concerning the transfer, sale or other disposition of your Business or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at your Business, on supplies or materials we designate, and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

8.3. **Notification of Infringements and Claims.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

8.4. **Discontinuance of Use of Marks.** If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, including the complete replacement of any Mark or Copyright and/or the use of other Marks or Copyrights (due to merger, acquisition, or otherwise), you agree to comply with our directions within a reasonable time after receiving notice. We will reimburse you for your reasonable direct expenses of changing your Business' signs (but not other marketing items). Also, we are not required to reimburse you for such sign costs if the change to the signs coincides with periodic upkeep or sign replacement after your 3rd year of operations. However, we will not indemnify you or reimburse you for (i) any fees or disbursements to any attorney you retain in connection with the changing of your Business' signs; or (ii) any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

8.5. **Modification of Marks.** If it becomes advisable at any time for us and/or you to modify or discontinue the use of any Marks, and/or for your Medi-Weightloss® Business to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions, within a reasonable time after receiving notice, to notify or otherwise discontinue the use of such Marks, or use one or more additional trademarks or service marks. We have no liability or obligation to you for such modification or discontinuance.

8.6. **Copyrights.** You recognize that the various other materials we give you are subject to copyrights we own or license from others. Your right to use any information capable of being rendered into a tangible form that we claim as our copyrights, including spreadsheets, pro forma documents, forms, marketing materials, manuals, pricing lists, vendor lists, modifications to software, our website, and any marketing materials, advertisements, TV ads, radio commercials and the like (including the look, compilation, feel and content) (collectively, the “**Copyrights**”) are derived solely from this Agreement and limited to your operation of your Business. Your, your agents', employees' and affiliates' unauthorized copying, transmission, use or derivative of the Copyrights in any manner will be a breach of this Agreement and constitute your and their infringement of our rights in and to the Copyrights. This Agreement does not confer any rights to the Copyrights in you other than the right to use them in connection with the operation of your Business. You must follow all of the policies and procedures we designate from time-to-time for the protection of any Copyrights and any other materials that could be subject to copyright protection. All provisions of this Agreement applicable to your use of the Copyrights apply to any additional copyrights we authorize you to use during the Term of this Agreement. You must place copyright notices on all of the other materials that we designate, in the manner we require. You recognize that we will grant other franchisees the right to use the Copyrights as well. You agree to sign and deliver to us such forms of copyright assignments or licenses we specify for any copyrights you develop or modify for use in your Business and to cause all persons you engage to do so also. We may, and you must assist us with our efforts to file in our name, and indicating our ownership in, copyright registrations on all copyrightable materials created or modified by you. We may, without notice to you, immediately suspend or terminate your access to or use any services, copyrights or other information or systems contemplated under this Agreement if we determine that you, your agents, employees or affiliates have violated our Copyrights or otherwise breached this Agreement with respect to protecting our Confidential Information.

8.7. **Copyright Infringements.** You must notify us immediately, in writing, of any apparent infringement of any of the Copyrights, or any challenge to your use of any of the Copyrights, or of any claim by any person of any rights in the Copyrights. You agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate. We have the right to control exclusively any dispute, litigation, U.S. Copyright Office proceeding or any other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any of the Copyrights, including the right to direct any settlement of such claim. You will sign any and all instruments and documents, or render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any dispute, litigation or administrative proceeding involving the Copyrights or otherwise to protect and maintain our interests in the Copyrights. You may not at any time during the Term of this Agreement or thereafter, contest the validity or ownership of any of the Copyrights, or assist any person in contesting the validity of ownership of any of the Copyrights.

8.8. **Discontinuance.** You must immediately modify or discontinue the use of any Copyrights as we direct from time-to-time. We will use commercially reasonable efforts to give you as much notice as possible before requiring you to stop use of any of the Copyrights. However, we have no liability or obligation to you for doing so.

8.9. **Marks and Copyright Indemnification.** We will indemnify, defend you against, and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Mark or Copyright we develop, pursuant to and in compliance with this Agreement, resulting from claims by third parties that your use of the Marks or Copyrights we develop infringes their trademark rights or copyrights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of this Agreement. We will not indemnify you against the consequences of your use of the Marks, or any Copyrights for any Marks or other Copyrights that you develop or submit to us (regardless if they become, or have become our property), unless your use of such Marks or Copyrights we provide was and is accordance with the requirements of this Agreement. You must provide written notice to us of any such claim within ten (10) days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and, if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney(s) retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. We are not responsible to you for any other claims of any nature arising out of or related to the Marks or Copyrights, regardless of whether the loss associated is by you, any of your customers or third parties.

8.10. **Software License.**

- (a) **Grant of Software License:** Subject to the terms and conditions of this Agreement and our agreements with our licensors or vendors, we may grant to you a non-exclusive, non-transferable and non-sublicensable license to use the Software, if any during the Term as follows:
 - (i) If we grant you the right to use any Software, you may use the Software during the Term solely within the scope of your operation of your Medi-Weightloss® Business under this Agreement for your internal operations and business purposes in accordance with this Agreement. The Software may be installed or used only on your owned or controlled computers which are part of the Computer System and only in accordance with Medi-Weightloss® System Standards. Software may be installed and used only to enable you and your employees to use the Software in accordance with this Agreement.
 - (ii) **Software Restrictions.** The Software may be used only up to the capacity for which you have been authorized to use it under this Agreement and as may be more fully described in the Manuals from time-to-time. You are responsible for all use of the Software and for compliance with this Agreement; any breach by you or any user or third party whom you authorize to use the Software or provide access to it will be deemed to have been incurred by you.
 - (iii) **Copies.** We do not allow you to make copies of our Software. Portions of the Software may not be used independently of the Computer System and your operation of your Medi-Weightloss® Business.
- (b) **No Reverse Engineering:** You must not decompile or reverse engineer any executable code we provide (e.g. to reveal the corresponding source code), except to the minimum extent permitted by law. You will not avoid, circumvent, or disable any security device, procedure,

protocol, or mechanism that we may include, require or establish with respect to the Software. You will not delete, alter, cover, or distort any copyright, trademark or other proprietary rights notice placed by us on or in the Software, and will ensure that all such notices are reproduced on all copies of the Software.

- (c) **Reservation of Rights:** The Software may not be used except as expressly authorized in this Agreement. We reserve all rights not expressly granted.
- (d) **Ownership:** Between you and us, the Software (and all copies and derivatives) is, and at all times will remain, our (and our licensors') sole and exclusive property, including all copyrights and other intellectual property rights in or to such Software. Except as otherwise expressly provided, you agree that neither you nor any third party will obtain any express or implied rights in or to any part of the Software. We deem the Software to be part of the Copyrights.
- (e) **Protection from Unauthorized Use:** You will take all steps we designate to protect the Software from any use, reproduction, publication, disclosure or distribution that is not specifically authorized by this Agreement. You will ensure that you and your agents or employees not disclose their user IDs and passwords to any person or entity other than on a need-to-know basis. You will be responsible for notifying us in advance of any new staff so we may issue them their own user ID and password. You will be responsible for all user IDs and passwords and ensure that each of your employees uses his or her own password only, and does not use any other employee's user ID or password. You will be responsible for the security of its user IDs and passwords, and will immediately notify us of any suspected or actual theft, loss or fraudulent use of them.
- (f) **Support Services:** During the Term of this Agreement, we will provide limited Software support services to the extent we deem necessary and appropriate in the manner we designate from time-to-time in the Manuals.
- (g) **Updates:** All updates, patches, bug fixes, modifications, enhancements and new versions of the Software and all other deliverables and work product we develop for such Software and Medi-Weightloss® Business provided to you, if any, will be subject to the terms and conditions of this Agreement, unless otherwise expressly agreed in writing by us. Our Software support services for such Software, if any, extend only to the Software free of any additions or modifications that have not been made by us or our agents, or approved by us in writing. Further, such support services extend only to the most current version of the Software as used on or in the hardware, platforms and operating environment(s) designated by us for use with the Software. Our support services also do not include the following and we have no responsibility or liability for:
 - (i) Addressing errors, defects, or damage in or to the Software resulting from causes other than those arising in the ordinary permitted use of the Software, or from the use of third party software, firmware or data, or from the use of hardware not meeting our minimum recommended configuration;
 - (ii) Providing hardware-related services;
 - (iii) Providing training to your personnel except as described in this Agreement; or
 - (iv) Developing or otherwise providing you with additional features, functionality, or customizations to the Software.

- (h) **Your Responsibility:** You agree to fully cooperate with us in the performance of our Software support services, including by providing us with such timely, accurate and complete information and reasonable access to your personnel and facilities as we may require or request. To the extent you delay or fail to satisfy your obligations to us, we will be relieved of our obligations under this Agreement. You must purchase or license from us or our designees (and pay the then current fees for) such additional Software licenses, programs, modules or the like, in the manner we designate, to accommodate increases or decreases in the number of Products and Services you market, sell or otherwise provide.
- (i) **Discontinuation of Use:** We will have no responsibility for: (i) any use of the Software after we have notified you to discontinue use; (ii) the combination or use of the Software with content, assets, technology or other materials not supplied by us; or (iii) alteration of the Software or use of a version of the Software that has been superseded by a newer version. We also have no obligation to develop or grant you the right to use any Software.

8.11. **Warranty Limitations.** WE, AND OUR AFFILIATES, IF ANY, DISCLAIM ANY WARRANTIES OF ANY NATURE WHATSOEVER, WHETHER EXPRESS, WRITTEN, ORAL, IMPLIED OR STATUTORY, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, TITLE OR NON-INFRINGEMENT, OR ANY WARRANTIES ARISING UNDER THE UNIFORM COMPUTER INFORMATION TRANSACTIONS ACT, HOWEVER ENACTED IN ANY STATE OR JURISDICTION AND ANY WARRANTIES UNDER ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE (AS APPLIED IN FLORIDA OR ANY STATE) WITH RESPECT TO THE MEDI-WEIGHTLOSS® BUSINESS MANAGEMENT SYSTEM, COMPUTER SYSTEM (INCLUDING ITS SOFTWARE), ANY OTHER PRODUCTS, SERVICES, EQUIPMENT OR SUPPLIES YOU OBTAIN FROM US OR OTHERS AND THE SERVICES AND FUNCTIONS THEY PERFORM AND THEIR DESIGN. NEITHER WE NOR OUR AFFILIATES ARE LIABLE UNDER ANY CIRCUMSTANCES TO YOU FOR ANY CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL OR COLLATERAL DAMAGES OF ANY NATURE WHATSOEVER IN CONNECTION WITH THE MEDI-WEIGHTLOSS® BUSINESS MANAGEMENT SYSTEM, COMPUTER SYSTEM (INCLUDING ITS SOFTWARE) OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU OBTAIN FROM US OR OTHERS AND THEIR DESIGN (INCLUDING YOUR RIGHT TO USE, DELIVERY, INSTALLATION AND YOUR USE OF THEM), THE SERVICE AND FUNCTIONS THEY PERFORM (OR FAIL TO PERFORM), THEIR DESIGN AND THIS AGREEMENT, WHETHER BY REASON OF IMPERFECTION OR DEFECT IN THEM OR IN THEIR PERFORMANCE, OUR (OR ANY OF OUR AFFILIATES') BREACH OR OTHERWISE, EVEN IF WE (OR OUR AFFILIATE) ARE ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, REGARDLESS OF WHETHER THEY ARE BASED IN TORT OR IN CONTRACT. IF WE (OR OUR AFFILIATES) DO NOT CAUSE THE MEDI-WEIGHTLOSS® BUSINESS MANAGEMENT SYSTEM, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE) OR ANY OTHER EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR ANY OF OUR AFFILIATES TO PERFORM IN ACCORDANCE WITH THE SPECIFICATIONS, THEN YOUR SOLE RECOURSE AND REMEDY WILL BE FOR US (OR OUR AFFILIATES), AT OUR (OR THEIR) ELECTION, TO REPLACE THE MEDI-WEIGHTLOSS® BUSINESS MANAGEMENT SYSTEM, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE), ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR OUR AFFILIATES WITH ANOTHER ONE WHICH PERFORMS IN ACCORDANCE WITH SPECIFICATIONS. IN NO CASE WILL OUR LIABILITY EXCEED THE COST OF THE MEDI-WEIGHTLOSS® BUSINESS MANAGEMENT SYSTEM, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE) OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES THAT YOU RECEIVE FROM US OR OUR AFFILIATES ON WHICH A CLAIM FOR DAMAGES IS BASED. HOWEVER, WE WILL ASSIGN TO YOU ANY WARRANTIES FROM THE MANUFACTURERS OF ANY OF THE COMPONENTS OF THE MEDI-WEIGHTLOSS® BUSINESS MANAGEMENT SYSTEM, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE), OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR OUR AFFILIATES. THESE WARRANTIES MAY BE VOIDED BY MISUSE, ACCIDENT, MODIFICATION AND FAILURES FOR WHICH WE ARE NOT DIRECTLY RESPONSIBLE.

IX. CONFIDENTIAL INFORMATION.

9.1. **Types of Confidential Information.** We possess (and will continue to develop and acquire) certain confidential information (the “**Confidential Information**”) relating to the development and operation of Medi-Weightloss® Businesses, which includes (without limitation):

- (a) The System and the know-how related to its use;
- (b) Plans, specifications, size and physical characteristics of Medi-Weightloss® Businesses;
- (c) Site selection criteria, land use and zoning techniques and criteria;
- (d) Methods in obtaining licensing and meeting regulatory requirements;
- (e) Sources and design of equipment, furniture, forms, materials and supplies;
- (f) Marketing, advertising and promotional programs for Medi-Weightloss® Businesses;
- (g) Staffing and delivery methods and techniques for personal services;
- (h) The selection, testing and training of Managers/Medical Directors and other employees for Medi-Weightloss® Businesses;
- (i) The recruitment, qualification and investigation methods to secure employment for employment candidates;
- (j) Medi-Weightloss® Advantage software including all programs, tools, and materials contained therein, such as the proprietary Medi-Weightloss® Electronic Medical Records software, and knowledge of the information tracked by such software;
- (k) All other computer Software we make available or recommend for Medi-Weightloss® Businesses;
- (l) Methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of Medi-Weightloss® Businesses, including but not limited to patient flow estimates, growth patterns, expenses, and pricing modules;
- (m) Knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment;
- (n) Recipes, formulas, preparation methods and serving techniques for Products and Services;
- (o) Knowledge of operating results and financial performance of Medi-Weightloss® Businesses other than those operated by you (or your affiliates);
- (p) Information provided through Medi-Weightloss® training, including but not limited to, class presentations and handouts, video and audio presentations, Webinars, Medi-Alerts, Medi-News, and in the field training;
- (q) Information obtained through Medi-Weightloss® compliance audits;

- (r) Information contained in the Medi-Weightloss® Manuals (Start Up, Operations, and Physician’s Manual);
- (s) Knowledge of Medi-Weightloss® proprietary MIC injection and B6/B1 injection;
- (t) All forms and information contained in the Medi-Weightloss® New Patient Package, Short-Term Maintenance Packet and Wellness Packet;
- (u) All knowledge and information regarding Medi-Weightloss® supplements and food recipes;
- (v) Any information derived from the use of the Advantage intranet or software; and
- (w) Any communications between you and us, or communications between our employees and you (including, without limitation all of our or your employees, agents or consultants).

9.2. **Disclosure and Limitations on Use.** We will disclose much of the Confidential Information to you and personnel of your Business by furnishing the Manuals to you and by providing training, guidance and assistance to you. In addition, in the course of the operation of your Business, you or your employees may develop ideas, concepts, methods, techniques or improvements (“**Improvements**”) relating to your Business, which you agree to disclose to us. We will be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of Medi-Weightloss® Businesses. Improvements will then also constitute Confidential Information.

9.3. **Confidentiality Obligations.** You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your Business, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

- (a) Will not use the Confidential Information in any other business or capacity;
- (b) Will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;
- (c) Will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Manuals; and
- (d) Will adopt and implement all reasonable procedures we may prescribe from time-to-time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to your employees and the use of non-disclosure and non-competition agreements we may prescribe for employees or others who have access to the Confidential Information.

9.4. **Exceptions to Confidentiality.** The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

- (a) Disclosure or use of information, processes, or techniques which are generally known and used in your Business (as long as the availability is not because of a disclosure by you), provided that you have first given us written notice of your intended disclosure and/or use; and

- (b) Disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

X. EXCLUSIVE RELATIONSHIP.

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among Medi-Weightloss® Businesses if franchised owners of Medi-Weightloss® Businesses were permitted to hold interests in or perform services for a Competitive Business. You also acknowledge that we have granted the franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children) will:

- (a) Have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than your Business;
- (b) Have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located;
- (c) Market, offer products or services or perform services as a director, officer, manager, employee, advisor, consultant, representative, agent or otherwise for a Competitive Business, wherever located (regardless if you are paid to do so or not);
- (d) On behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, advise, consult with, engage in or conduct any other business if you have any significant operational or management responsibility or obligation regarding such business, if such other business would interfere with your obligations under this Agreement to develop and operate your Medi-Weightloss® Business or otherwise (other than Medi-Weightloss® Businesses operated under franchise agreements with us), unless your Medi-Weightloss® Business is managed by a Chief Operating Officer, approved by us, that has satisfactorily completed our training programs. This provision does not prohibit passive investments in other Medi-Weightloss® Businesses. However, an interest in a business in which your capacity is either a director, officer or majority stockholder (or any combination thereof) does not constitute a passive investment, and will be considered a breach of these provisions of this Agreement.

The term “**Competitive Business**” as used in this Agreement means any business (other than a Medi-Weightloss® Business operated under a franchise agreement with us) or facility owning, operating or managing, or granting franchises or licenses to others to do so, any clinic or other business or facility that offers physician monitored or non-physician supervised weight loss, weight management, nutritional, wellness, obesity treatment, or health products and services, any Practice Management Services or any other products or services that are the same or similar to the Products and Services (including Other Services) then offered by Medi-Weightloss® Businesses, or any business that offers, sells or advertises “wellness,” “weight loss,” “weight management” or “weight control” products or services.

XI. OPERATION AND SYSTEM STANDARDS.

11.1. **Operations Manuals.** We will make our “**Manuals**” available to you on-line or via other electronic format or other format we designate, during the term of this Agreement, consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer Software and written materials) that we generally furnish

to Franchisees from time-to-time for use in operating a Medi-Weightloss® Business. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules (“**System Standards**”) that we prescribe from time-to-time for the operation of a Medi-Weightloss® Business and information relating to your other obligations under this Agreement and related agreements. We, in our sole discretion, may make the Manuals accessible to you on-line or via other forms of electronic format like, using the Internet or on Intranet or CD-Rom. You agree to follow the standards, specifications and operating procedures we establish periodically for the Medi-Weightloss® System that are described in the Manuals. You also must comply with all updates and amendments to the Medi-Weightloss® System as described in newsletters or notices we distribute, including via Computer System or other media we select. The Manuals may be modified or updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any on-line version (or electronic format) of the Manuals for changes to them. If we make the Manuals accessible to you on-line (or electronic format), we will not send to you printed copies of any changes to them. However, any form of the Manuals accessible to you on-line is our proprietary information and will be deemed Confidential Information for purposes of this Agreement. You agree to maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. In the event of a dispute relating to the contents of any printed or electronic copy of the Manuals, the master copy of the Manuals we maintain at our principal office will be controlling. However, in the event we utilize on-line Manuals, the most recent on-line Manuals will control any disputes between the on-line version and printed copies of the Manuals. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals.

11.2. Compliance with System Standards. You acknowledge and agree that your operation and maintenance of your Business in accordance with System Standards is essential to preserve the goodwill of the Marks and all Medi-Weightloss® Businesses. Therefore, at all times during the term of this Agreement, you agree to operate and maintain your Business in accordance with each and every System Standard, as we periodically modify and supplement them during the term of this Agreement. You must keep records of all System Standards training you receive and provide to staff in the manner we designate. System Standards may regulate any one or more of the following with respect to your Business:

- (a) The Approved Products and Services for, and standards, specifications, rules and procedures for an Adolescent Program;
- (b) Design, layout, decor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;
- (c) Quantities, types, models and brands of required Products, Services, fixtures, furnishings, equipment, signs, Software, materials and supplies;
- (d) Designated or approved suppliers of fixtures, furnishings, equipment, signs, Software, products, materials and supplies;
- (e) Terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, including direct labor, that you obtain from us, unaffiliated suppliers or others;
- (f) Sales, marketing, advertising and promotional programs and materials and media used in such programs;
- (g) Use and display of the Marks, Copyrights, slogans and trade dress;

- (h) Staffing levels for your Business, and qualifications, training, dress and appearance of employees;
- (i) Days and hours of operation of your Business;
- (j) Participation in market research, testing and product and service development programs and customer satisfaction programs;
- (k) Acceptance of credit cards, gift certificates, coupons, frequent customer programs, payment systems and check verification services;
- (l) Bookkeeping, accounting, data processing and record keeping systems, including Software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;
- (m) Types, amounts, terms and conditions of insurance coverage required to be carried for your Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for your Business at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;
- (n) Complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or your Business;
- (o) Regulation of such other aspects of the operation and maintenance of your Business that we determine from time-to-time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Medi-Weightloss® Businesses; and
- (p) Our requirement that you use such efforts as we may designate to obtain your customers' consents, in the form and content we may designate, allowing us to contact them via e-mail and other electronic communications with specials, offers and other communications.

You agree that System Standards prescribed from time-to-time in the Manuals, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all System Standards as periodically modified.

11.3. **Modification of System Standards**. We may periodically modify System Standards, which may accommodate regional or local variations as we determine. Such modifications may obligate you to invest additional capital in your Business (“**Capital Modifications**”) and/or incur higher operating costs. We will not obligate you to make any Capital Modifications if such Capital Modifications require (a) an expenditure of more than Twenty-Five Thousand and No/100 Dollars (\$25,000.00) after your opening date in any individual year of the Term or (b) an aggregate expenditure of more than One Hundred Thousand Dollars (\$100,000.00) over the course of the entire Term. You are obligated to comply with all other modifications to System Standards within the time period we specify, but we will provide you 90 days to make Capital Modifications following our notice to you. Notwithstanding the foregoing, we will not obligate you to make any Capital Modifications during your Business’s first year of operation.

11.4. **Interior and Exterior Upkeep.** You agree, at all times, to maintain your Business' interior and exterior and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the upkeep of your Business established in the Manuals and by federal, state and local laws.

11.5. **Hours of Operation.** You agree to operate your Business during the hours and on the days prescribed by us in the Manuals or otherwise approved in advance in writing by us.

11.6. **Accounting, Computers and Records.** It is your responsibility to obtain accounting services and any required hardware or software related to them, which may include the use of the designated services and software which we may designate from time to time, such as QuickBooks. You will at all times maintain the records reasonably specified in the Manuals, including, without limitation, sales, inventory and expense information. To the extent we require support for accounting software used by you, such support will only be provided with respect to the accounting Software then used by us in the operation of our own (or our affiliates' own) Medi-Weightloss® Business.

11.7. **Computer System.** We may require that you acquire, license and use in developing and operating your Medi-Weightloss® Business a Computer System consisting of the computer services, components, equipment, computer hardware, telecommunications equipment or services, the software used in connection with the Medi-Weightloss® Business Management System or other operating or communications software we designate or approve for use by Medi-Weightloss® Businesses (collectively, the “**Software**”) that we may periodically specify in the manner we designate (collectively, the “**Computer System**”). In our sole discretion, Software may include 3rd party Software like Quick Books®. We may require you to obtain specified computer and communications hardware, equipment, components or Software and services (like DSL, Frac, T 1, Cable Modem or ISP) and may modify specifications for and components of the Computer System from time-to-time. We may require you to acquire the highest speed communications capabilities (like DSL, Frac, T 1, Cable Modem or ISP) available in your area. Our and our designees' modifications and specifications for components, equipment, services and operating or communications of the Computer System may require you to incur costs to purchase, lease or license new or modified Software or computer or communications hardware, equipment, components or Software and to obtain service and support for the Computer System during the Term of this Agreement. You agree to incur such costs in connection with obtaining the computer hardware and Software comprising the Computer System (or additions or modifications) operating it in accordance with our System Standards and ensuring that it is compatible with, and capable of participation in and performing the functions we designate for the Medi-Weightloss® Business Management System and engaging in any form of e-commerce we designate or approve, as long as the Computer System we specify for use is the same Computer System that we or our affiliates then currently use in Medi-Weightloss® Businesses that we or they own and operate. For example, we may require you to purchase additional “modules” or “user” licenses and upgrades to the Software. Within sixty (60) days after you receive notice from us, you must obtain the components of the Computer System that we designate and require. The Computer System must be capable of connecting with our Computer System performing the functions we designate for the Medi-Weightloss® Business Management System, permitting us to review the results of your Business' operations, and engaging in any e-commerce activities that we designate or approve. We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary Software that we license to you and other maintenance and support services that we or our affiliates furnish to you related to the Computer System. From time-to-time, upon our notice to you, you must enter into the then current form of such Computer System or Software related agreements as we may designate. You must not use the Computer System for any purposes not authorized by us. A copy of our Website/Computer Policy will be included in our Manuals or otherwise made available to you. Prior to your Medi-Weightloss® Business opening date, we will add your Medi-Weightloss® Business' contact information to our website "location" page and provide you access to our Extranet which serves as an on-line repository of approved forms, advertising and marketing materials and the like. Your signing this Agreement or use of our Computer System or website binds you and any user (for example, your employees) to that Website/Computer Policy which is incorporated into and an integral part of our System Standards.

11.8. **Trade Accounts and Taxes.** You agree to maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly. You agree to timely pay all taxes incurred in connection with your Business' operations. If you fail to maintain your trade accounts in a current status, timely pay such taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such obligations on your behalf. If we elect to do so, then you agree to reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against all amounts which we may owe you.

11.9. **Retail Prices.** Subject only to limitations imposed by applicable law, we may designate maximum or minimum retail prices for the Products or Services you offer and sell. We may limit your use of our participation in discount or coupon programs of any kind.

11.10. **Approved Products.** You agree to only sell the Products and Services or other items at the Business that we have previously approved for sale (i.e., the Products and Services) and no others. For example, we may prohibit you from offering Botox. You agree to only use Product and Service offerings that have been prescribed or approved (except for prices if prohibited by applicable law) in advance by us. You agree to sell all the Products and Services prescribed or approved by us, and no others. You will immediately implement changes to the Products and Services requested by us, including advertising or marketing changes. You agree to maintain an inventory of Products and Services sufficient to meet the daily demands of your Business and as designated in our System Standards.

11.11. **Security Interests.** We have the right to file liens on your inventory and you agree to cooperate with us and file any documents we designate as necessary for us to obtain, file, record and/or maintain security interests in your inventory as collateral for performance of your obligations to us under this Agreement.

11.12. **Medi-Weightloss® Business Personnel.** You agree to hire, train and supervise clinic employees in accordance with the specifications set forth in the Manuals. All personnel must meet every requirement imposed by applicable federal, state and local law as a condition to their employment.

11.13. **Management.** Unless we agree otherwise, you (or one of your owners) must assume responsibility for your Business' day-to-day management and operation of your Business, and supervise your Business' personnel. You must at all times faithfully, honestly and diligently perform your obligations under this Agreement, continuously exert your best efforts to promote and enhance your Business and not engage in any other business or activity that conflicts with your obligations to operate your Business in compliance with this Agreement. Your Business must at all times be under your (or one of your owners) direct supervision and control, unless you employ trained management personnel approved by us who will be on-site and act at your direction. We may request that you hire a Physician who will be responsible for the supervision of your Business and such other responsibilities as we may designate in the Manuals from time to time in accordance with applicable state laws.

11.14. **Personnel.** You must hire, train and supervise your Business' personnel in accordance with the specifications set forth in the Manuals and your obligations under this Agreement. All personnel must meet every requirement imposed by applicable federal, state and local law and those required by us as a condition to their employment. All persons you employ that have access to any of the Confidential Information must sign either a Non-Disclosure/Non-Solicitation Agreement for Medical Assistance and Office Staff or a Confidentiality Non-Solicitation and Non-Competition Agreement for professional staff that protects our rights under this Agreement. Subject to applicable employment laws and/or employment contracts, you agree to terminate and replace any member of your personnel if we reasonably determine, at any time, that such person is not qualified to serve at your Business. You will not employ, contract with or permit any person to perform services for your Business who has not been trained satisfactorily by you, has not signed the proper agreement (Exhibits to the Franchise Disclosure Document), or is not appropriately licensed under applicable state laws.

11.15. **No Resale.** You will not resell, lease to anyone, loan or permit anyone else to use your Business or the Operating Assets in any manner we do not expressly approve. You have no right to sublicense, lease, loan, sell or otherwise dispose of any interest in your Business, Medi-Weightloss® Business Materials or Operating Assets, except as otherwise described in this Agreement. You will not engage in any wholesale business or sublicensing of the Foundational Elements, the Branded Products, the Ancillary Products or any related products you buy from us or Approved Suppliers.

11.16. **Shipment and Allocation.** To place an order for Operating Assets, Medi-Weightloss® Business Materials or Foundational Elements, Branded Products and Ancillary Products from us, our affiliates or our designee, you must notify us in writing or otherwise in the precise manner designated in our Manuals for placement of orders, which we may change, alter or amend from time to time. No orders will be effective unless we have communicated acceptance to you in writing, received payment in full of the initial franchise fee and the then-current applicable fee for such order and have commenced shipment to you. We make no representations to you regarding the time of shipments of equipment to you from the time we or any supplier accepts your order. You recognize that timing of shipments may vary based on a multitude of factors, many of which are beyond our control, since we or our designees may obtain Operating Assets or Medi-Weightloss® Business Materials from our or their own manufacturing or supply sources or third parties and subject to this Agreement. You also understand and acknowledge that we and the Approved Suppliers have other uses for the Operating Assets or Medi-Weightloss® Business Materials or their components or other equipment and we or they may allocate orders or uses of them among these competing sources as we or they see fit.

11.17. **Inspection and Acceptance.** You must inspect the Foundational Elements, Branded Products, Ancillary Products, Medi-Weightloss® Business Materials and Operating Assets immediately when you receive them and promptly notify us in writing of any defects in accordance with our inspection and acceptance policies we may designate from time to time. They will be deemed accepted by you if we or the applicable supplier have not received any claim of defect from you within 5 business days. For all items we or our designees ship, unless otherwise indicated in the Manuals, orders are shipped F.O.B., so that the risk of loss, casualty or damage to whatever was ordered passes to you as soon as we or our designee deliver it to the carrier for shipment or to you at our headquarters or other origination point of shipment.

11.18. **Due Care.** At all times, you must operate your Business, and treat and utilize, Medi-Weightloss® Business Materials, Operating Assets, the Foundational Elements, the Branded Products, and the Ancillary Products with due care and in strict accordance with the System Standards and any other instructions we (or our affiliate) provide to you. You must comply with all System Standards in providing the Medi-Weightloss® Program and any other Approved Service and preparing, providing, selling and delivering the Foundational Elements, and the Branded Products. You must promptly report any damage or defect to us. You must not sell or otherwise provide any product or service to clients if it fails to meet our System Standards.

11.19. **Business Safety.** You must maintain a safe Business and safely maintain, offer, use and provide Operating Assets, Medi-Weightloss® Business Materials, the Medi-Weightloss® Program, Approved Services, the Foundational Elements, the Branded Products, the Ancillary Products and any other items and services in strict accordance with the System Standards or any other instructions we provide you.

11.20. **Risk of Loss.** You assume all risk of loss, theft, damage, requisition of use and destruction to your Business and its contents from any cause whatsoever. You must insure them in accordance with the insurance provisions of this Agreement.

11.21. **Maintenance.** You must comply with and perform all maintenance procedures we (or our affiliate) specify periodically in any Manual or other instructions.

11.22. **Third-Party Rights.** You recognize that certain components and proprietary technology utilized by your Business may be furnished to you under a sublicense or license we have obtained from a third-party owner, developer or manufacturer. You agree to take such actions and sign such documents as we reasonably may request on behalf of such third party in connection with such sublicense.

11.23. **Insurance Program.** Your Business is pre-approved to bill third party insurance carriers under the terms of the Franchise Insurance Program and this Addendum (aka “**Insurance Program**”), provided you (and your Business) comply with the following criteria:

- (a) **Good Standing.** You must currently be and remain in substantial compliance with the Franchise Agreement including, but not limited to, timely payment of all fees due, utilization of Franchisor’s financial reporting software (currently, our online version of QuickBooks), compliance with System Standards to include, without limitation, proper Branding, use of our Marks, and use of the MEDI-WEIGHTLOSS® Program.
- (b) **Regulatory Review.** We may require you to obtain a regulatory review of the legal and health care rules and regulations in your state that apply to the operation of your Business, as well as the requirements by the insurers for whom you wish to be a provider (“**Regulatory Review**”). The “Regulatory Review” should address whether or not you may directly bill third party insurance carriers or whether such billing may only be done through an affiliated physician’s practice. Our failure to require you to conduct or waiver of your obligation to conduct, the Regulatory Review is not a representation or opinion on our part that the operation of your Business is, or is not, in compliance with applicable laws.

11.24. **Insurance Compliance.** You must acknowledge and agree to, at all times, fully comply with all laws, such as the federal False Claims Act; the federal Stark Law; state corporate practice of medicine prohibitions; and state laws that are similar to the federal Anti-Kickback Act or the Stark Law prohibitions on self-referrals and/or certain fee splitting arrangements. In addition, you must comply with all Insurance System Standards developed by the Franchisor which are maintained in the Insurance Manual and/or Insurance Compliance Acknowledgements (which Franchisor may require you to execute from time to time evidencing your acknowledgement of certain System Standards).

11.25. **No Guarantee of Acceptance of Insurance.** You acknowledge that we have provided no guarantees and/or warranties regarding acceptance by insurance carriers, nor any likelihoods, guarantees or warranties regarding costs, time periods related to credentialing and contracting, and/or available reimbursement rates.

11.26. **Insurance Claim Accuracy and Risk of Denial/Reduction.** You must at all times follow the rules, policies, and procedures adopted by the insurance company which establish conditions relating to the delivery of covered services. For example, any insurance carrier qualifications and requirements related to (1) a credentialed provider’s physical presence at the location, and/or (2) the physical presence of the person who conducts the visit in order to bill claims to the insurance carrier. You and your Represented Provider are responsible for the accuracy of all such claims. You acknowledge and agree that Franchisor is in no way responsible if a claim, or claims, are ultimately denied or reduced due to a determination that said claim, or claims, were not medically necessary and/or otherwise not eligible for payment under the applicable plan. Furthermore, you acknowledge and agree that you and your Represented Provider bear all risk associated with utilizing the available Current Procedural Terminology (“CPT”) and International Classification of Diseases (“ICD”) codes in the Advantage software. All requests to include additional CPT and ICD code(s) in the Advantage software system must be provided to Franchisor in writing.

11.27. **Approved Insurance Vendors.** You acknowledge and agree to only utilize our Approved Vendor for all credentialing and billing services associated with your Business.

11.28. **Termination of Insurance Program.** We may terminate your participation in the Insurance Program at any time upon providing you sixty (60) days written notice to you if you fail to comply with this Agreement.

11.29. **Regulatory Changes.** In the event that applicable controlling state or federal laws, rules or regulations prohibit the fee structure(s) described in this Agreement and/or as amended herein, at our option, we may, in our sole discretion modify the Insurance Addendum to seek to comply with such laws, rules or regulations or discontinue the Insurance Program.

XII. MARKETING AND PROMOTION.

12.1. **Establishment of System Development Fund.** Recognizing the value of advertising and marketing to the goodwill and public image of Medi-Weightloss® Businesses, we have the right to establish a system-wide development, marketing and promotional fund (the “**System Development Fund**”) for such advertising, marketing, public relations and system-wide benefit programs and materials we deem necessary or appropriate. The System Development Fund is intended to maximize recognition of the Marks and patronage of Medi-Weightloss® Businesses and enhance the operations of Medi-Weightloss® Businesses. You must pay to us, or our designee, the System Branding Fee we designate as set forth in Section 6.8. We reserve the right to defer or reduce System Branding Fee of a Medi-Weightloss® Business franchisee and, upon thirty (30) days prior written notice to you, to reduce or suspend contributions to, and operations of, the System Development Fund for any period of time and to terminate (and, if terminated, to reinstate) the System Development Fund. The System Development Fund is not a trust and we do not owe any fiduciary obligation to you for establishing or administering the System Development Fund or for any other reason. If the System Development Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the System Development Fund during the preceding twelve (12) month period, or in a manner we determine. We and our affiliates are not obligated to contribute to the System Development Fund on the same basis as franchise owners for any Medi-Weightloss® Business we or they own and operate.

12.2. **Use of the Funds.** We or our designee will direct all programs financed by the System Development Fund, including the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the System Development Fund may be used to pay the costs of, but not be limited to, preparing and producing video, developing, implementing and modifying the Franchise Systems’ e-commerce and related strategies, audio and written marketing/advertising materials; developing and servicing corporate accounts; research and development of, administering regional and multi-regional marketing/advertising programs, including, without limitation, purchasing e-commerce rights, products or services, direct mail and other media marketing/advertising and employing advertising, promotion and marketing agencies; maintaining or paying third parties to maintain a system-wide call center, toll free numbers and on-line ordering and fulfillment systems, the Medi-Weightloss® Business Management System and the like, and supporting public relations, market research, establishing, developing, maintaining, servicing or hosting Websites or other e-commerce programs, and other advertising, promotion and marketing activities. The System Development Fund periodically may furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials may be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

12.3. **Accounting for the Fund.** The System Development Fund may be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the System Development Fund and its programs, including, without limitation, conducting market surveys, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the System Development Fund. We may spend, on behalf of the System Development Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Medi-Weightloss® Businesses to the System Development Fund in that year, and the System Development Fund may borrow from us or others to cover deficits or invest any surplus for future use. In addition to the System Branding Fees, we may assess you, and you must pay to the System Development Fund

such System Development Fund fees as we or the Fund deems necessary to address any deficits or special needs of the System Development Fund. All interest earned on monies contributed to the System Development Fund will be used to pay System Development costs before other assets of the System Development Fund are expended. We may prepare a periodic statement of monies collected and costs incurred by the System Development Fund and furnish the statement to you upon written request. We have the right to cause the System Development Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

12.4. **System Development Fund Limitations.** You acknowledge that, if established, the System Development Fund will be intended to maximize recognition of the Marks and patronage of Medi-Weightloss® Businesses. Although we may endeavor to utilize the System Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all Medi-Weightloss® Businesses, we undertake no obligation to ensure that expenditures by the System Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the System Development Fund by Medi-Weightloss® Businesses operating in that geographic area or that any Medi-Weightloss® Business will benefit directly or in proportion to its contribution to the System Development Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the System Development Fund. We will not use System Development Fund Fees to prepare materials intended solely for franchise sales solicitations.

12.5. **Marketing and Promotion.** You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time-to-time. We may require that you only use pre-approved advertising materials. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted to us for approval before you use them. We have no obligation to review or consider any advertising you submit to us. If you do not receive written disapproval within thirty (30) days after our receipt of such materials, they will be deemed to have been given the required approval. You may not use any advertising or promotional materials that we have disapproved. We may charge you and you must pay to us within 2 days of our notice to you our then current rush order/approval or review fees as described in our FDD.

12.6. **Local Marketing Cooperatives.** If a local advertising cooperative (a “Co-op”) is established for your market, you will be required to contribute to it an amount determined by the Co-op (but not to exceed \$15,000 per Calendar Year (i.e. January 1 through December 31)) and participate in its activities and be subject to its governing documents. We may require that the Co-op’s advertising cooperative rules, governing documents and expenditures be subject to our approval. Co-op advertising expenditures can be used to meet your Local Marketing Expenditure requirements.

12.7. **Local Marketing Expenditures.** In addition to your required System Branding Fee, you are obligated to spend \$36,000 per Calendar Year (\$18,000 on a semi-annual basis) on local advertising and promotion that meets our System Standards for “Local Marketing” as described in our Manuals. We may designate in the Manual the required or approved vendors you must use to provide this local advertising. You must obtain telephone directory listings in print or online in the “white and yellow pages” and in other print or online directories we designate (like Yext®) in the size, frequency and manner we specify, displaying the Marks. If other franchise owners operate clinics in the market area serviced by the directories, then you must participate in and pay your pro rata share of the cost of such listings and advertising. We may review your books and records relating to your expenditures for such advertising and promotion. We allow any local advertising cooperative (Co-op) contributions to count toward this local advertising expenditure requirement. If we determine that you have not spent the requisite amounts, we may require you to pay the unexpended amounts into the System Development Fund.

12.8. **Websites.** We have the right to control all use of URL’s, domain names, websites, addresses, metatags, links, e-mail addresses and any other means of electronic identification or origin (“e-names”). We can require you to

use in the promotion and operation of your Business only the website/webpage we designate or approve. We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chat rooms, e-mail, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, “**e commerce**”). We have the right to monitor your and your employees’ e-commerce activities and you agree to provide us access to any chat rooms or bulletin boards on which or through which you discuss our franchise system or your relationship with us. You must follow all of our policies and procedures for the use and regulation of e-commerce. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us or our designees for use in e-commerce activities associated with the Marks or the System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce designated by us or operated by us or our designee. We may require that you provide information to us via e-commerce. We may require you to coordinate your e-commerce activities with the Medi-Weightloss® Business Management System. We may charge you our then-current fees for such e-commerce activities which we designate. We may require you to obtain the services of and pay the then-current third party fees for ISP and ASP services and the like. We provide one site specific and one corporate e-mail address/account for your Business. You agree that you will not (and you will obtain agreements from your personnel not to) “opt-out” or otherwise ask to no longer receive e-mails from us or other participants in the MIS System. Your employment agreements with your owners, and your employees must contain provisions that require them to consent to our and your viewing and having access to their e-mails, text messages and the like. You recognize and agree that we own all rights, title and interest in and to any and all websites and any e-names we commission or utilize, or require or permit you to utilize, in connection with the System which bear our Marks or any derivative of our Marks. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. Such information is deemed by us to be and constitutes our Confidential Information. You must not operate any website bearing our Marks or Copyrights without our prior written consent.

12.9. **Promotion of the Franchise System.** We may require you to place or display at the Site any and all materials promoting the franchise system that we provide to you from time to time. We may require you to place all such materials in the manner in which we designate. You will at all times during the term of this Agreement maintain as many business telephone lines as we designate, from time to time, for use solely in connection with your Business. We may require you to utilize Call Center Services, and we or our affiliates may be designated by us as the only Approved Supplier of Call Center Services. We may require you to be responsible for our or our designee’s then-current Call Center Services fees, due to the time we designate, and you must comply with, and you agree to all policies and procedures we designate, from time to time regarding client referrals and call routing via such Call Center Services. Without limiting the foregoing, we may require you to engage such Call Center Service providers or personnel, or other personnel and/or answering service and/or purchase and installs as many answering machines or telemarketing dialing machines, as may be necessary to provide telephone answering coverage and telemarketing services on behalf of your Business during normal business hours (and on weekends in the manner we designate), but not less than the hours 9:00 a.m. to 5:00 p.m. Mondays through Fridays (except holidays). You must not use any type of Call Center Services telephone answering service, answering machine, or telemarketing equipment without our prior approval. We may require you to maintain a mailing address at your Business at all times during the Term.

XIII. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

13.1. **Accounting System.** You agree to establish and maintain at your own expense a bookkeeping, accounting and recordkeeping system conforming to the requirements and formats we prescribe from time-to-time. We may require you to use the Computer System and Software we designate or approve (e.g., currently QuickBooks®) in order to maintain certain sales data and other information, including updating the Manuals and for communication

purposes. You agree that we may have access to such sales data and other information through the Computer System at all times.

13.2. **Reports.** You agree to furnish to us on such forms that we prescribe from time-to-time:

- (a) At our request, within five (5) days after their filing: (i) copies of all sales tax for your Business; and (ii) copies of the canceled checks for the required sales taxes;
- (b) On the 3rd business day of each new Accounting Period, you must submit your Royalty Fee and a report on your Business' Gross Sales for the immediately preceding Accounting Period;
- (c) Within fifteen (15) days after the end of each calendar quarter: (i) a profit and loss statement for your Business for the immediately preceding calendar quarter and year-to-date; and (ii) a balance sheet as of the end of such calendar quarter;
- (d) Within thirty (30) days after the end of the Calendar year: (i) annual profit and loss and source and use of funds statements; and (ii) a balance sheet for your Business as of the end of such fiscal year;
- (e) Within fifteen (15) days of our request, the revenues you receive from the Practice for any reason whatsoever that for any reason are not included in the Gross Sales of your Business and
- (f) Within ten (10) days after our request: (i) exact copies of federal and state income and other tax returns; and (ii) such other forms, records, books and other information we may periodically require.

13.3. **Access to Information.** You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you or the location of your Business. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis if we reasonably believe that the reports are incorrect. Moreover, we have the right, as often as we deem appropriate (including on a daily basis), to access all computer registers and other Computer Systems that you are required to maintain in connection with the operation of your Business and to retrieve all information relating to your Business' operations.

13.4. **Copies of Reports.** You agree to furnish us with a copy of all sales, income and other tax returns relating to your Medi-Weightloss® Business, at our request. You will also send us copies of any sales or other reports sent to any landlord or governmental agency, at our request.

XIV. INSPECTIONS AND AUDITS.

14.1. **Our Right to Inspect your Business.** To determine whether you and your Business are complying with this Agreement and all System Standards, or if we are contemplating a Buyout pursuant to Section 17.9 of this Agreement, we and our designated agents have the right at any time during your regular business hours, and with five (5) days prior notice to you (but without prior notice if we have reason to believe your Business is not operating in compliance), to:

- (a) Inspect your Business;
- (b) Observe, photograph and videotape the operations of your Business for such consecutive or intermittent periods as we deem necessary;

- (c) Remove samples of any products, materials or supplies for testing and analysis;
- (d) Interview personnel and customers of your Business; and
- (e) Inspect and copy any books, business plans, marketing plans, records, websites (or other forms of e-commerce) and documents relating to the operation of your Business, including without limitation, all computer files, current or deleted.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal, clinical studies and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You agree to correct or repair any unsatisfactory conditions we specify within five (5) days.

14.2. **Our Right to Audit.** We have the right, for any reason (including if we are contemplating a Buyout pursuant to Section 17.9 of this Agreement) and at any time during your business hours, and with three (3) days prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a Business Entity) and your Business' business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information is not accurate (i.e., your Gross Sales are understated by two percent (2%) or more), you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. You also must pay us any shortfall in the amounts you owe us, including late fees and interest, within ten (10) days of our notice. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

XV. TRANSFER.

15.1. **By Us.** This Agreement is fully transferable by us, and inures to the benefit of any transferee or other legal successor to our interests, as long as such transferee or successor agrees to be bound by, and assumes all of our continuing obligations under, this Agreement.

15.2. **By You.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your owners) and that we have granted the franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (or any interest in it) nor any ownership or other interest in you or your Business, even to a Business Entity controlled by you, may be transferred without our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "**transfer**" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; or (c) your Business.

An assignment, sale, gift or other disposition includes the following events:

- (a) Transfer of ownership of capital stock or a partnership interest;
- (b) Merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;
- (c) Any issuance or sale of your stock or any security convertible to your stock;

- (d) Transfer of an interest in you, this Agreement or your Business in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;
- (e) Transfer of an interest in you, this Agreement or your Business, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or
- (f) Pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon your Business or your transfer, surrender or loss of possession, control or management of your Business.

15.3. Conditions for Approval of Transfer. If you (and your owners) are in full compliance with this Agreement, then subject to the other provisions of this Section 15, we will approve a transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet our then applicable standards for Medi-Weightloss® Business franchisees. A transfer of ownership, possession or control of your Business may be made only in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or any interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a legal or beneficial interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

- (a) The transferee has sufficient business experience, aptitude and financial resources to operate your Business;
- (b) You have paid all Royalty Fees, System Branding Fee, contributions, amounts owed for purchases from us and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;
- (c) The transferee (or its Manager) and its managerial employee (if different from your Manager) have agreed to complete our standard training program;
- (d) Before the transfer's proposed effective date, the transferee (if the transfer is of the franchise rights granted by this Agreement), or you (if the transfer is of a controlling interest in you or in an entity that owns a controlling interest in you), if we so require, sign our then-current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalty Fee and the System Branding Fees;
- (e) You (and your transferring owners) have executed a general release, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees and agents;
- (f) We have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of your Business;
- (g) If you or your owners finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your owners have reserved in your Business are subordinate to the transferee's obligation to pay Royalty Fees, System Branding Fee, contributions and other amounts due to us and otherwise to comply with this Agreement;

- (h) You and your transferring owners have executed a non competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in Section 17.6 of this Agreement;
- (i) You and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other Medi-Weightloss® Businesses you own and operate) identify yourself or themselves or any business as a current or former Medi-Weightloss® Business, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a Medi-Weightloss® Business in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us; and
- (j) You timely pay to us the Transfer Fee and any commission due as described in Section 6.8

15.4. Transfer to a Business Entity. If you are in full compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than your Business and, if applicable, other Medi-Weightloss® Businesses so long as you own, control and have the right to vote fifty-one percent (51%) or more of its issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. But, all owners of that Business Entity or you, or any transferee are subject to our approval. We have the right to approve or disapprove any and all new owners of the Business, even if it is transferred to an entity owned by you. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner execute an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of your obligations under this Agreement.

15.5. Transfer Upon Death or Disability. Upon your death or disability or, if you are a Business Entity, the death or disability of the owner of a controlling interest in you, your or such owner's executor, administrator, conservator, guardian or other personal representative must transfer your interest in this Agreement or such owner's interest in you to a third party. Such disposition of this Agreement or the interest in you (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Section. Section 15.3 will also apply to the transfer. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "**disability**" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating your Business.

15.6. Operation Upon Death or Disability. If, upon your death or disability or the death or disability of the owner of a controlling interest in you, your Business is not being managed by a trained Manager/Medical Director, your or such owner's executor, administrator, conservator, guardian or other personal representative must, within a reasonable time not to exceed fifteen (15) days from the date of death or disability, appoint a Manager/Medical Director to operate your Business. Such Manager/Medical Director will be required to complete training at your expense. Pending the appointment of a Manager/Medical Director as provided above or if, in our judgment, your Business is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest in you, we have the right, but not the obligation, to appoint a Manager/Medical Director for your Business. All funds from the operation of your Business during the management by our appointed Manager/Medical Director will be kept in a separate account, and all expenses of your Business, including compensation, other costs and travel and living expenses of our Manager/Medical Director, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to the Royalty Fee and System Branding Fee and contributions payable under this

Agreement) during the period that our appointed Manager/Medical Director manages your Business, which is currently not less than \$5,000 per month and will not exceed 10% of your monthly Gross Sales. Operation of your Business during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by your Business or to any of your creditors for any products, materials, supplies or services your Business purchases during any period it is managed by our appointed Manager.

15.7. **Effect of Consent to Transfer.** Our consent to a transfer of this Agreement and your Business or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of your Business or transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

15.8. **Our Right of First Refusal.** If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and your Business or an ownership interest in you, you (or such owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror) and immediately submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and your Business and may not include an offer to purchase any of your (or your owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or in this Agreement and your Business must reflect the bona fide price offered and not reflect any value for any other property or rights.

We have the right, exercisable by written notice delivered to you or your selling owner(s) within thirty (30) days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

- (a) We may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);
- (b) Our credit will be deemed equal to the credit of any proposed purchaser;
- (c) We will have not less than sixty (60) days after giving notice of our election to purchase to prepare for closing; and
- (d) We are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:
 - (i) Ownership and condition of and title to stock or other forms of ownership interest and/or assets;
 - (ii) Liens and encumbrances relating to the stock or other ownership interest and/or assets; and

- (iii) Validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of two (2) years commencing on the date of the closing, you and they will be bound by the non-competition covenant contained in Section 17.6 of this Agreement. You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of Section 15.3(j) of this Agreement.

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided in Sections 15.3 and 15.4, provided that, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

XVI. TERMINATION OF AGREEMENT.

16.1. **By You.** If you and your owners are in compliance with this Agreement and we materially fail to comply with this Agreement and do not correct or commence correction of such failure within sixty (60) days after written notice of such material failure is delivered to us, you may terminate this Agreement effective sixty (60) days after delivery to us of written notice of termination. You do not have the right to terminate this Agreement without cause. Your termination of this Agreement for any other reason, and if for the permitted reason, but without such notice, will be deemed a termination without cause and a breach of this Agreement.

16.2. **By Us On Notice.** We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:

- (a) You (or any of your owners) violate any of the representations or warranties in this Agreement, or you (or any of your owners) made any material misrepresentations or omission in connection with your purchase of the franchise;
- (b) You fail to obtain our approval of the Site within 120 days of the Agreement Date, commence construction or build-out of the Site within 90 days after our Site approval, or begin operating your Business within one (1) year of the Agreement Date (unless we agree otherwise in writing to an extension);
- (c) We determine that you, your owner(s) or your Manager are unable to complete Owner/Manager Training to our satisfaction (but we will provide you one (1) opportunity to re-attend our next scheduled training at your expense);
- (d) You abandon or fail to actively operate your Business for five (5) or more consecutive business days, unless your Business has been closed for a purpose we have approved or because of casualty or government order or is requiring mechanical repair or remodeling approved by us;
- (e) You (or any of your owners) surrender or transfer control of the operation of your Business without our prior written consent;
- (f) You (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense;

- (g) You (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of your Business or other Businesses or the goodwill associated with the Marks;
- (h) You understate Gross Sales by more than 2%, or our audits or investigations show that you understated Gross Sales by more than 2% on two (2) or more occasions during any 18-month period;
- (i) You (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you, your Business or any aspect of the Business;
- (j) In the event of your death or disability, or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's controlling interest in you is not assigned as required under this Agreement;
- (k) You breach or commit a material default under the Lease left uncured in accordance with applicable cure periods, or you otherwise lose the right to possession of your Business or the Site;
- (l) You (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manuals in violation of this Agreement;
- (m) You violate any federal, HIPAA, state, medical, privacy, health, safety or sanitation law, ordinance or regulation and do not cure violation within 5 days to both our satisfaction and that of the governmental authority (this includes your failure to replace the Practice if it commits any of these kinds of violations);
- (n) You fail to pay any amounts due to us or any Approved Supplier and do not correct such failure within ten (10) days after written notice of such failure is delivered to you;
- (o) You fail to pay when due any federal or state income, service, sales or other taxes due on the operations of your Business, unless you are in good faith contesting your liability for such taxes;
- (p) You (or any of your owners) fail on three (3) or more separate occasions within any period of twelve (12) consecutive Accounting Periods or on five (5) occasions during the Term to submit when due reports or other data, information or supporting records; or to pay when due any amounts due to us or otherwise to comply with this Agreement or any other agreement with us or our affiliate, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; or
- (q) You make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; your Business is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you or your Business is not vacated within thirty (30) days following the entry of such order.

16.3. **After Notice.** We may also terminate this Agreement after we notify you of our intention to do so because of the occurrence of any of the following events and your failure to cure it within 30 days of our notice:

- (a) You or a trained management and the requisite Professionals are not present at your Business during all open hours;
- (b) You fail to keep your Business open during the required hours;
- (c) You purchase or lease any product or service from an unapproved supplier in violation of the System Standards;
- (d) You create and/or maintain a stand alone website;
- (e) You fail to participate in a mandatory Co-op or fail to pay Co-op contributions when due;
- (f) You fail to obtain and maintain permits and licenses required by applicable law;
- (g) You (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct such failure;
- (h) If you are a Business Entity, you fail to maintain active status/good standing in your state of organization;
- (i) You fail to make required reports when due;
- (j) You fail to maintain sufficient liquid funds and bank authorizations to pay amounts to us via electronic transfer;
- (k) You (or any of your owners) default under, or violate any provision of, this Agreement or any other agreement with us or any of our affiliates;
- (l) You violate any System Standard or procedure contained in the Manuals; or
- (m) You fail to obtain any approvals or consents required by this Agreement.

XVII. RIGHTS AND OBLIGATIONS UPON TERMINATION.

17.1. **Our Rights upon Your Default.** In the event of your material default left uncured in accordance with the applicable cure period under the terms of this Agreement, the Lease or under any promissory note or other agreement with us, we are entitled, but not limited, to exercise any one or more of the following remedies in our sole discretion;

- (a) To take possession of the Site or any part thereof, personally, or by our agents or attorneys;
- (b) To enter upon and take and maintain possession of all or any part of your Business, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee without notice and with or without process of law;
- (c) To exclude you, your agents or employees from the Site;
- (d) As attorney-in-fact for you, or in our own name, and under the powers herein granted, to hold, operate, manage and control your Business and conduct the business, if any, thereof, either personally or by our agents, with full power to use such measures, legally rectifiable, as in our discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, granting full power and authority to us to

exercise each and every one of the rights, privileges and powers herein granted at any and all times hereafter;

- (e) To cancel or terminate any unauthorized agreements or subleases entered into by you, for any cause or ground which would entitle us to cancel the same;
- (f) To disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site that may seem judicious, in our sole judgment;
- (g) To enter or obtain access to and control of the Site and remove applicable weight management equipment, at your expense and with or without prior notice to you;
- (h) To insure and reinsure the same for all risks incidental to our possession, operation and management thereof;
- (i) To ensure continuity of care to patients of the Business, and in conjunction with paragraph (d) of this Section 17.1, access and use or transfer all patient records to other Franchisees, and contact all clients to inform them of the status of your Business and/or the availability of other Franchisees in the market area, so that patients may continue and complete their participation in the Medi-Weightloss® Program
- (j) To terminate this Agreement under this Section 17, as applicable; and/or
- (k) To declare all of your rights, but not obligations under the Agreement, to be immediately terminated as of the date of your default under your lease, notwithstanding any provision of this Agreement.

17.2. Termination of Service Rights. If we are entitled to terminate this Agreement in accordance with any of its provisions, we will have the option to terminate or suspend any one or more equal rights under this Agreement instead of terminating this Agreement, including:

- (a) Your right to participate in any programs or services provided by us or offered by us from time to time; and/or
- (b) Your right to participate in any services that we provide in connection with any website or marketing services, the System Development Fund or the like; and any territorial rights or exclusivity for the Designated Area granted to you under this Agreement.

If we terminate or suspend any of your rights under this Agreement in accordance with this Section, we will provide you five (5) days prior written notice of such suspension or termination. If any such rights, options or arrangements are terminated or suspended in accordance with this Section, such termination or suspension will be without prejudice to and will not be a waiver or release of any of our rights to terminate this Agreement otherwise in accordance with its terms, or to terminate any other rights, options or arrangements under this Agreement or any other agreement between you and us at any time thereafter, for the same default or as a result of any additional defaults of the terms of this Agreement or other agreements between you and us.

17.3. Payment of Amounts Owed To Us. You agree to pay us within fifteen (15) days after the effective date of termination or expiration of this Agreement, or on such later date that we determine amounts are due to us, all

amounts due for Royalty Fees, System Branding Fee, contributions, amounts owed for purchases from us, interest due on any of the foregoing, and any and all other amounts owed to us or our affiliates which are then unpaid.

17.4. **Marks.** Upon the termination or expiration of this Agreement:

- (a) You may not directly or indirectly at any time or in any manner (except with respect to other Medi-Weightloss® Businesses you own and operate) identify yourself or any business as a current or former Medi-Weightloss® Business, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark or other indicia of a Medi-Weightloss® Businesses in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;
- (b) You agree to take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any Mark;
- (c) If we do not have or do not exercise an option to purchase your Business pursuant to Section 17.7, you agree to deliver to us within 30 days after, as applicable, the effective date of expiration of this Agreement or the Notification Date (as defined in Section 17.7(a)) all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a Medi-Weightloss® Business and allow us, without liability to you or third parties, to remove all such items from your Business;
- (d) If we do not have or do not exercise an option to purchase your Business pursuant to Section 17.7, you agree that after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), you will promptly and at your own expense make such alterations we specify to distinguish your Business clearly from its former appearance and from other Medi-Weightloss® Businesses so as to prevent confusion by the public;
- (e) If we do not have or do not exercise an option to purchase your Business pursuant to Section 17.7 you agree that after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and any regular, classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify; and
- (f) You agree to furnish us, within thirty (30) days after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), with evidence satisfactory to us of your compliance with the foregoing obligations.

17.5. **Confidential Information.** You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

17.6. **Competitive Restrictions.** Upon termination or expiration of this Agreement for any reason whatsoever (and you have not acquired a Successor Franchise), you and your owners agree that for a period of two (2) years commencing on the effective date of termination or expiration neither you nor any of your owners will have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, Manager, representative or agent or in any other capacity in any Competitive Business operating:

- (a) At the Site or within the Designated Area, or through the Practice;
- (b) Within twenty-five (25) miles of the Site or Designated Area; or
- (c) Within twenty-five (25) miles of any other Medi-Weightloss® Business or its Site or Designated Area, in operation or under construction on the later of the effective date of the termination or expiration.

For clarification, twenty-five (25) miles from the Site or Designated Area (any point) means a 25-mile straight-line radius from that point (e.g., as the “crow flies”). If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of a court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. Furthermore, your agreements with the Practice must provide that, to the maximum extent permitted by law, the Practice and its Physicians and Professionals agree to similar restrictions as are imposed on you under this Section.

17.7. Physician Liquidated Damages. It is your obligation to ensure that the Physicians or Professionals with whom you contract are bound to the Competitive Restrictions and Confidentiality Agreements we require. If any such Physician or Professional engages in a Competitive Business without our consent during the term of this Agreement or following termination or expiration of the Agreement, you and such breaching physician or professional will be jointly and severally liable to pay to us a fee (the “**Physician Liquidated Damages**”) to help compensate us for our costs of enforcement. Notwithstanding the foregoing, we will not seek to collect Physician Liquidated Damages from you if all of the following are met: (a) prior to its execution, you send to us, and we have approved such Physician Agreement with you; (b) you assign your rights to sue for and collect the Physician Liquidated Damages under the Physician Agreement; (c) such assignment of rights to us is enforceable and the Physician does not have defenses to our/your claim that were the result of your breach of the Agreement which rendered the Agreement unenforceable; and (d) you are otherwise in substantial compliance with the Franchise Agreement and MPMA Addendum. The Physician Liquidated Damages shall serve as partial liquidated damages and shall not be our exclusive recovery from you, nor limit our recovery from you in any manner for any action. The Physicians Liquidated Damages shall not be deemed as, nor shall be used as a measure of our damages for competition by the Practice or any Professionals, and shall in no way limit our right to assert that we have no adequate remedy at law in the event of breach. The amount of the Physician Liquidated Damages is as follows: \$1,000 per day for each day a Physician or Professional is in breach of the in-term non-competition covenants; \$100,000 if the Practice or a Physician violates the non-solicitation covenants; \$500,000 if a Physician or Professional violates the in-term or post term confidentiality covenants; and \$500,000 if any Physician or Professional violates the post-term non-competition covenants.

17.8. Our Right to Purchase.

- (a) **Exercise of Option.** Upon our termination of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within sixty (60) days from the date of such termination, to purchase your Business from you, including the leasehold rights to the Site. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the “**Notification Date**”). We have the unrestricted right to assign this option to purchase your Business. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.
- (b) **Leasehold Rights.** You agree at our election:

- (i) To assign your leasehold interest in the Site to us;
 - (ii) To enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease; or
 - (iii) To lease to us if you own the Site in accordance with the Agreement to Lease and our Standard Lease Agreement.
- (c) **Purchase Price.** The purchase price for your Business will be its fair market value, determined in a manner consistent with reasonable depreciation of your Business' equipment, signs, inventory, materials and supplies and patient records, provided that your Business will be valued as an independent business and its value will not include any value for:
- (i) The Franchise or any rights granted by this Agreement;
 - (ii) The Marks or Copyrights; or
 - (iii) Participation in the network of Medi-Weightloss® Businesses and the goodwill associated with them.

Your Business' fair market value will include the goodwill you developed in the market of your Business that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Site will also be considered in determining your Business' fair market value.

We may exclude from the assets purchased cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to your Business' operation or that we have not approved as meeting standards for Medi-Weightloss® Businesses, and the purchase price will reflect such exclusions.

- (d) **Appraisal.** If we and you are unable to agree on your Business' fair market value, its fair market value will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal. We will appoint one (1) appraiser, you will appoint one (1) appraiser and the two (2) party-appointed appraisers will appoint the third (3rd) appraiser. You and we agree to select our respective appraisers within fifteen (15) days after we notify you that we are exercising our option to purchase your Business, and the two (2) appraisers so chosen are obligated to appoint the third (3rd) appraiser within fifteen (15) days after the date on which the last of the two (2) party-appointed appraisers was appointed. You and we will bear the cost of our own appraisers and share equally the fees and expenses of the third (3rd) appraiser chosen by the two (2) party-appointed appraisers. The appraisers are obligated to complete their appraisal within thirty (30) days after the third (3rd) appraiser's appointment.

The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners owe to us. At the closing, you agree to deliver instruments transferring to us:

- (i) Good and marketable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; and
- (ii) All licenses and permits of your Business which may be assigned or transferred; and

- (iii) The leasehold interest and improvements in the Site.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

17.9. **Continuing Obligations.** All of our and your (and your owners' and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Examples include indemnification, payment, identification and dispute resolution provisions.

17.10. **Buyout Option.**

- (a) **Triggering Event.** We, or our designee, may purchase all of the rights and interests you or your owners have in you, your Business and under this Agreement, at our option, if we experience a Triggering Event (the "**Buyout**"). A "**Triggering Event**" means: (i) the sale of all or substantially all of our assets to an unaffiliated third party; (ii) the sale or exchange of more than 50% of our total issued and outstanding equity securities to an unaffiliated third party; (iii) a merger or consolidation of us with or into an unaffiliated third party in which neither we nor our affiliates obtain or maintain a controlling voting interest; (iv) any public offering, pursuant to a registration statement under the Securities Act of 1933, as amended, or successor statute (the "**Securities Act**"), of any of our capital stock or the effectiveness of a registration statement for the initial public offering of our equity securities (an "**IPO**"); or (v) the sale, conveyance, exchange or assignment by our shareholders in one transaction or series of related transactions, of 50% or more of our outstanding capital stock to persons who, prior to such sale, did not own more than 25% of our outstanding stock.
- (b) **Our Rights on Triggering Event.** If we experience a Triggering Event or enter into a binding agreement to do so, we will have the right, at our option and election, to cause the Buyout. To exercise our option to cause the Buyout, we will notify you within 30 days of either the date of the agreement for a Triggering Event or the effective date of the IPO, to require you and your owners to sell, convey, exchange or assign all of his, her or its interest in you, your Business and this Agreement and the assets comprising them ("**Your Interest**"), to our transferee, in exchange for the same type of consideration, and upon the same terms, to be received by us in the Triggering Event. No partial assignment, conveyance or exchange of Your Interest will be permitted unless otherwise expressly agreed to in writing by us. The term "**Your Interest**" does not mean you or your owners' ownership of securities in the Business Entity.
- (c) **Purchase Price Form.** If we exercise the Buyout for any Triggering Event other than an IPO, the purchase price will be paid to you or your owners, as applicable, in the same form or type of consideration, and upon the same terms, as we or our shareholders receive in the Triggering Event transaction. If the Triggering Event is an IPO, at our option, the purchase price will be paid to you or your owners either in cash or stock valued at the price underwritten and/or offered to the public in the IPO.
- (d) **Purchase Price Amount.** The amount of the purchase price for Your Interest will be the amount equal to a multiple of Your EBIT. Your multiple will be equal to two-thirds (2/3) of the multiple offered to us for our interest in connection with the Triggering Event. "**Your EBIT**" means net income from your Business before interest and income taxes. "**Our EBIT**" means our net income before interest and income taxes. Your EBIT and Our EBIT will be determined by

generally accepted accounting principles, based on the same trailing 12 month period preceding the purchase or sale agreement, underwriting agreement or other agreement regarding the Triggering Event. However, for this calculation, your income will exclude extraordinary items. If your Business has been open less than 12 months, at your request, we may suspend the Buyout until you have 12 months continuing operating history.

- (e) **Examples of Purchase Price Calculations.** The following example demonstrates the calculation of the purchase price to be paid for Your Interest under a Buyout, assuming the sale is for 100% of Your Interest:
- (i) Triggering Event - sale of all of our stock.
 - (ii) Purchase Price for all of our stock - \$100,000,000.
 - (iii) Our EBIT for the previous twelve (12) months: \$5,000,000.
 - (iv) Purchase Price / Our EBIT = our multiple: \$100mil. / \$5mil.= 20.
 - (v) 2/3 of our multiple (20) = your multiple: $2/3 \times 20 = 13.33$.
 - (vi) Your EBIT for the previous twelve (12) months: \$500,000.
 - (vii) Your multiple (13.33) x Your EBIT (\$500k) = your payment.
 - (viii) $13.33 \times \$500,000 = \$6,666,667 = \text{Your Interest}$.
- (f) **Election to Convert Shares.** If we undertake an IPO, we will have the right, at our option and election, to require you and your owners, and you and your owners will be obligated, to convert Your Interest into shares of the class of our capital stock (or any successor to us) which is the subject of such IPO (“**IPO Conversion**”). Your Interest will be converted into an equivalent value of our capital stock (or our successor’s stock), on the following basis:
- (i) Your Interest will be valued at a multiple of Your EBIT, such multiple to be equal to two-thirds (2/3) of the multiple that the valuation of 100% of our common stock on a pre-offering basis (as determined with reference to the proposed public offering price) bears to Our EBIT (Your EBIT shall be calculated on the same basis and for the same periods as are Our EBIT); and
 - (ii) The value of our capital stock, or our successor in interest, will be the proposed public offering price for such offering.

The shares of our capital stock that you receive upon conversion of Your Interest will not be registered in connection with the IPO and you are not granted any registration rights under this Agreement. Such shares must be held indefinitely without any sale, transfer or other disposition unless either the shares are subsequently registered under the Securities Act, or in the opinion of our counsel, such registration is not required as a result of available exemptions under the Securities Act.

- (g) **Example.** The following example demonstrates the calculation of the conversion of Your Interest into our capital stock pursuant to an IPO Conversion:

- (i) Public offering of 1,000,000 shares of our common stock, such shares, when issued, to represent 100% of our fully diluted outstanding common stock.
- (ii) Proposed public offering price - \$100 per share.
- (iii) Equivalent value of 100% of our common stock = \$100,000,000.
- (iv) Our EBIT for previous twelve (12) months - \$5,000,000.
- (v) Purchase Price / Our EBIT= our multiple: \$100mil. / \$5mil.=20.
- (vi) 2/3 of our multiple = your multiple: 2/3 x 20 = 13.33.
- (vii) Your EBIT for the prior twelve (12) months: \$500,000.
- (viii) Your multiple x Your EBIT= your calculated valuation for Your Interest.
- (ix) $13.33 \times \$500,000 = \$6,666,667$.
- (x) Number of shares of our common stock to be received by you: Stock equivalent of \$6,666,667 based on the public offering price.
- (xi) Number of shares of common stock to be received by you based on public offer price of \$100 per share: 66,667 shares.

Your owners will determine how Your Interest will be divided among them. Upon such IPO Conversion, Your Interest shall be canceled, transferred or assigned in the manner we designate and we will succeed to all of your properties and assets (including, without limitation, all Medi-Weightloss® Businesses and System Businesses) and we will be the sole owner thereof. THE EXAMPLES OF THE BUYOUT CALCULATION PROVIDED ABOVE ARE NOT REPRESENTATIONS OF ANY KIND THAT YOU WILL OR ARE LIKELY TO OBTAIN ANY PARTICULAR INCOME OR REVENUES. THE “**YOUR EBIT**” FIGURES ARE PURELY HYPOTHETICAL AND ARE EXAMPLES ONLY TO ILLUSTRATE THE BUYOUT CALCULATION METHOD. DO NOT RELY ON THEM AS A REPRESENTATION OF YOUR ACTUAL OR POTENTIAL INCOME.

- (h) **Procedural Aspects.** At our option, we will pay the purchase price in 2 installments. If so, we will pay an amount equal to the First Installment in cash at a time within 15 days of our notice to you. The balance will be paid at closing. We must notify you of our intention to exercise our purchase option not later than 60 days following our entering into the definitive purchase and sale agreement or the underwriting agreement relating to the Triggering Event. Unless the Triggering Event is not completed or closed, in which case our notice and election to exercise the Buyout will not be effective, the closing for such acquisition will take place at the completion or closing of the Triggering Event or, at our option, within 180 days thereafter. You will have all of your rights and benefits, and all of your obligations, under this Agreement until we (or our designee) have consummated the acquisition pursuant to the Buyout. The acquisition will be in the form of an assignment and relinquishment of your rights under this Agreement and we will not assume any of your obligations or liabilities whatsoever other than those we expressly agree to in writing or at the time of such acquisition. Moreover, we may require that your rights must be transferred to us free and clear of all liens, pledges, security interests and encumbrances.

We may require that we will be entitled to all customary representations and warranties in that regard, in such form and content as we reasonably require. You will cooperate with us in preparing for the sale of such rights, any transition in

ownership, and to accurately calculate the purchase price. Through such acquisition we will take possession of all of your assets, including but not limited to cash, accounts receivable and capital assets. We will also assume liability for your Business lease, capital leases and any liabilities deemed by us to be a valid business liability of your Medi-Weightloss® Business. You must comply with any post acquisition restrictions, if any; on transfers of stock you receive.

- (i) **Option to Include Franchises.** If we exercise the Buyout, we may also, at the time we notify you of our election, elect to include as part of the acquisition any or all franchise(s) owned or controlled by you or your affiliates, all of your or their rights and obligations under any related or Area Development Agreement or Franchise Agreements and all related property leases and all assets used in connection with the operation of the Medi-Weightloss® Businesses covered by the Franchise Agreements and any Area Development Agreements you have with us.
- (j) **Priority.** The provisions of the Buyout will take precedence over all other provisions of this Agreement, notwithstanding any conflicting provisions. We will have the right to specific performance of a Buyout. You acknowledge and agree that we will not have an adequate remedy at law if you violate this Section 17, and we will be entitled to injunctive and equitable relief to enforce all our rights under it.

XVIII. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

18.1. **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Medi-Weightloss® Business personnel and others as the owner of your Business under a franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time-to-time. If you do not do so, we may place the notices and accomplish the foregoing as we see fit, and you must reimburse us for doing so. Neither we nor our affiliates will exercise direct or indirect control over the working conditions of your personnel except to the extent such indirect control is related to our legitimate interest in protecting the quality of products, service, or the Medi-Weightloss® brand. Neither we nor our affiliates share or codetermine the terms and conditions of employment of your employees or affect matters relating to the employment relationship between you and your employees. To that end, you agree to identify yourself conspicuously in all dealings with your personnel as the employer of such personnel and to confirm that neither we, as the franchisor of Medi-Weightloss® Businesses, nor our affiliates, are their employer.

18.2. **No Liability for Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of your Business' operation or the business you conduct pursuant to this Agreement.

18.3. **Taxes.** We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or your Business, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes are your responsibility.

18.4. **Indemnification.** You agree to indemnify, defend and hold harmless us, our affiliates and our and their respective shareholders, directors, officers, employees, agents, successors and assignees (the “**Indemnified Party(ies)**”)

against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all taxes described in Section 18.3 and any and all claims and liabilities incurred as a result of a claim threatened or asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought, by a third party and directly or indirectly arising out of your Business' operation (even if our negligence is alleged, but not proven); the business you conduct under this Agreement; your noncompliance or alleged noncompliance with any law, ordinance, rule, or regulation, including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your Businesses' employees; or your breach of this Agreement. For purposes of this indemnification, "**claims**" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys', paralegals' and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution, is commenced. Each Indemnified Party, with its own counsel and at your expense, may defend and otherwise respond to and address any claim threatened or asserted or inquiry made, or action, investigation, or proceeding brought (instead of having you defend it with your counsel), and, in cooperation with you, agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other costs you are solely responsible. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

XIX. INSURANCE.

19.1. **Types Required.** During the term of this Agreement, you must maintain in force, at your expense and under policies of insurance issued by carriers approved by us, the following types of insurance coverage:

- (a) Comprehensive, public and product liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Business;
- (b) General casualty and property insurance including fire, flood, hurricane, vandalism and malicious mischief, and extended coverage insurance with a full replacement value of your inventory and contents of your Business, covering such risks as are covered in the Standard Extended Coverage Endorsement;
- (c) Comprehensive motor vehicle insurance (including personal injury protection, uninsured motorist protection, and "**umbrella**" coverage) for any motor vehicles operated by your Business;
- (d) Workers' compensation in the amounts required by applicable law for your Business;
- (e) "Umbrella" liability insurance;
- (f) Liability insurance against liability for personal services care and negligence;
- (g) Business interruption insurance;
- (h) Comprehensive crime and blanket employee dishonesty insurance; and

- (i) Such other insurance as is required under any equipment lease agreement and any lease or other financing document (if any) for your Business.

19.2. **Coverage Requirements.** You must maintain the insurance coverages in the minimum amounts we prescribe from time-to-time in the Manuals. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances.

19.3. **Policy Terms.** All insurance policies must:

- (a) Contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our affiliates, directors, officers or agents;
- (b) Extend to provide indemnity for all obligations assumed by you under this Agreement and all items for which you are required to indemnify us under the provisions of this Agreement or otherwise;
- (c) Name us as an additional insured;
- (d) Contain a waiver of the insurance company's right of subrogation against us;
- (e) Provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;
- (f) Provide that the insurance company will provide us with at least thirty (30) days' prior written notice of termination, expiration, cancellation or material modification of any policy; and
- (g) Provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent.

19.4. **Evidence of Coverage.** Before the expiration of the term of each insurance policy, you must furnish us with a copy of each new, renewal or replacement policy you have obtained to extend your coverage, along with evidence of the premium payment. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain the insurance policies and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your Business required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf, will reduce or absolve you of any obligations of indemnification described in this Agreement.

XX. ENFORCEMENT.

20.1. **Severability; Substitution of Valid Provisions.** Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provision will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any System Standard is invalid or unenforceable. We may modify such invalid

or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

20.2. **No Waiver or Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin:

No statement, questionnaire, or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, a Medi-Weightloss® franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

20.3. **Waivers.** We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

20.4. **Limitation of Liability.** Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from:

- (a) Compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;
- (b) Acts of God;
- (c) Acts or omissions of a similar event or cause.

However, such delays or events do not excuse payments of amounts owed at any time.

20.5. **Approval and Consents.** Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

20.6. **Waiver of Punitive Damages.** EXCEPT FOR YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO SECTION 18.4 OF THIS AGREEMENT AND CLAIMS FOR UNAUTHORIZED USE OF THE MARKS, SYSTEM OR CONFIDENTIAL INFORMATION, YOU AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US (EXCLUDING ANY CLAIMS WE MAY BRING AGAINST YOU PURSUANT TO SECTION 18.4 OF THIS AGREEMENT OR WHICH RELATE TO YOUR UNAUTHORIZED USE OF THE MARKS, CONFIDENTIAL INFORMATION OR SYSTEM OR YOUR VIOLATION OF ANY IN-TERM OR POST-TERMINATION NON-COMPETITION OR NON-SOLICITATION COVENANTS), THE PARTY MAKING A CLAIM WILL BE LIMITED

TO EQUITABLE RELIEF, ATTORNEYS' FEES AND COSTS (SUBJECT TO SECTION 20.11) AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

20.7. **Limitations of Claims.** ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS REVENUES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

20.8. **Governing Law.** EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY FLORIDA LAW, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISEE, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. ALL MATTERS RELATING TO ARBITRATION ARE GOVERNED BY THE FEDERAL ARBITRATION ACT. References to any law or regulation also refer to any successor laws or regulations and any impending regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

20.9. **Jurisdiction.** YOU AND WE CONSENT AND IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED IN HILLSBOROUGH COUNTY, FLORIDA, AND YOU WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS. THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE PARTIES OR THE ENFORCEMENT BY THE PARTIES IN ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE PARTIES TO CONFIRM OR ENFORCE ANY ARBITRATION AWARD IN ANY APPROPRIATE JURISDICTION.

20.10. **Waiver of Jury Trial.** YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

20.11. **Private Disputes.** ANY DISPUTE AND ANY LITIGATION WILL BE CONDUCTED AND RESOLVED ON AN INDIVIDUAL BASIS ONLY AND NOT A CLASS-WIDE, MULTIPLE PLAINTIFF OR SIMILAR BASIS. ANY SUCH PROCEEDING WILL NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING INVOLVING ANY OTHER PERSON, EXCEPT FOR DISPUTES INVOLVING AFFILIATES OF THE PARTIES.

20.12. **Cumulative Remedies.** The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

20.13. **Costs and Attorneys' Fees.** If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys fees. Attorneys fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation

for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

20.14. **Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators. This Agreement is not binding on us and will not be effective unless and until it is signed by one of our officers who is duly authorized by us to execute this Agreement.

20.15. **Entire Agreement.** Upon execution by you and us, this Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us. Notwithstanding the foregoing, nothing in this or any related Agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. Any subsequent Franchise Disclosure Documents we may provide to you during the course of your relationship with us are applicable only to those specific subsequent franchise agreements for which such Franchise Disclosure Documents may be provided, and do not apply to this Agreement, or our obligations or representations to you in connection with this Agreement. Under this Agreement, we do not have a continuing obligation to provide you subsequent versions of our Franchise Disclosure Document during the course of your relationship with us under, or to allow you to rely on the representations contained in them with respect to this Agreement.

20.16. **No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

20.17. **Construction.** The headings of the sections are for convenience only. If two or more persons are at any time franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. “**A or B**” means “**A**” or “**B**” or both.

20.18. **Certain Definitions.** The term “**family member**” refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term “**affiliate**” means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The terms “**franchisee, franchise owner, you and your**” are applicable to one or more persons, a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term “**person**” includes individuals and Business Entities. You and we are sometimes referred to individually as a “**party**” and collectively as “**parties.**” The term “**section**” refers to a section or subsection of this Agreement. The word “**control**” means the power to direct or cause the direction of management and policies. The word “**owner**” means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

20.19. **Timing is of the Essence.** It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words “**from**” and “**commencing on**” (and the like) mean “**from and including**”; and the words “**to,**” “**until**” and “**ending on**” (and the like) mean “**to but excluding.**” Indications of time of day mean Eastern Standard Time.

XXI. NOTICES AND PAYMENTS.

All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

- (a) Two (2) business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or
- (b) Three (3) business days after placement in the United States mail by certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

If to Us: MEDI-WEIGHTLOSS FRANCHISING USA, LLC
 509 S. Hyde Park Avenue
 Tampa, Florida 33606
 Attention: Derek Kaloust, General Counsel

If to You: _____

 Attention: _____

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within ten (10) business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior to such date, or in which the receipt from the commercial courier service is not dated prior to two (2) days prior to such date) will be deemed delinquent.

Intending to be bound, you and we sign and deliver this Agreement in two (2) counterparts effective on the Agreement Date, regardless of the actual date of signature.

“US”

MEDI-WEIGHTLOSS
 FRANCHISING USA, LLC

By: _____
 Name: _____
 Title: _____
 Date: _____

“YOU”

Name: _____
 Date: _____

Name: _____
 Date: _____

[Business Entity Name]

By: _____
 Name: _____
 Title: _____
 Date: _____

EXHIBIT "A" TO THE
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
FRANCHISE AGREEMENT
 DATED _____, 20____
WITH

 (NAME OF FRANCHISE OWNER)

1. **Franchise Fee.** Your Franchise Fee is \$_____ and is due in lump sum on the Agreement Date.

2. **Site Selection Area.** The Site Selection Area for your Medi-Weightloss® Business is as follows:

Check if map is attached

3. **Site.** The address of your approved Site is:

4. **Designated Area (if any).** A 2-mile radius from the Site, unless a different Designated Area is indicated below:

Check if map is attached

[Check if no Designated Area will be granted.]

If, at the time we approve your Site, the Designated Area is deemed by us in our sole judgment to have less than 125,000 persons residing in it, based on our then current System Standards and demographics software we chose, we will, increase your Designated Area to an area we deemed to have between 115,000 to 130,000 persons residing within that new Designated Area. Such new Designated Area will encompass the original Designated Area plus any other configuration of contiguous geographic area we designate. The revised Designated Area need not be based on a radius (round) and may be irregular in shape. But, if we in our sole discretion notify you at the time you sign your Franchise Agreement that no such adjustment to the Designated Area will occur, we are not required to adjust your Designated Area.

5. **Your Initial Package Fee is:** \$_____. Your Initial Package list is attached to this Exhibit.

6. **Optional Marketing Services.** Our current program includes the following fees:

Name of Fee	Amount	Due Date	Remarks
Website Optimization/Pay Per Click Fee/ Recruiting Services / E-Signature Services	Varies: Based on our discretion. Currently, \$0 to \$2,000 per month. For Pay Per Click campaigns, it is amount allocated to the ad word campaign plus a service fee that ranges from 15% to 25%. Currently,	On the Payment Date of each Accounting Period	Currently we only offer Pay Per Click word campaign optimization services. The first Payment Day for this ad words campaign is prior to commencement of the campaign. In return, we or our designee set up an ad words

Name of Fee	Amount	Due Date	Remarks
	phone number tracking is \$75 to \$500 setup, with a monthly fee of \$25 to \$500 per month: currently, \$25 per month. Currently, mailing lists are \$.07 to \$.25 per name. For Recruiting Services, currently \$40 per month. For E-Signature, \$1.25 per signature.		campaign and other optimization with Google® or other providers in the amount you commit to the campaign. We may require this be paid by electronic funds transfer. All marketing programs may be modified, changed or discontinued in our sole discretion upon notice from us.

We can require you to sign our then current form of purchase order/addendum.

7. **Software Fee.** The current Software Fees indicated in Section 6.20 of the Agreement are \$_____.

8. **Site Specific or other Negotiated Terms.** _____

**MEDI-WEIGHTLOSS FRANCHISING USA,
LLC**

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

LIST OF INITIAL PACKAGE ITEMS

MEDI-WEIGHTLOSS CLINICS® START-UP CLINIC SUPPLIES LIST - Effective 09/25/2023			
#	ITEM DESCRIPTION	Item Number	QUANTITY
1	Equipment - 17 in. Touchscreen H19		2
2	Equipment - Ree Vue, Printer		1
3	Equipment - Cable - Null Modem Serial		2
4	Equipment - Ethernet Patch Cable		2
*	Equipment		*
5	Medical/Supplies - 1 Lb Fat Replica	1215335	1
6	Medical/Supplies - 5 Lb Fat Replica		1
7	Medical/Supplies - Alcohol 16 oz bottle	1127067	1
8	Medical/Supplies - Alcohol Prep Pads	1126131	2
9	Medical/Supplies - BP Cuff Lg Adult Size 11	1126072	1
10	Medical/Supplies - BP Cuff Lg Adult Size 13 Thigh	1126074	1
11	Medical/Supplies - BP Cuff Lg Adult Size 12	1126075	1
12	Medical/Supplies - Bags Biohazard	1539900	1
13	Medical/Supplies - Bandages	1126142	1
14	Medical/Supplies - Cart - Utility	6980322	1
15	Medical/Supplies - EKG - Burdick 250c	3850049	1
16	Medical/Supplies - EKG Paper	3650377	1
17	Medical/Supplies - EKG Tabs	7779364	5
18	Medical/Supplies - EKG Clips - Replacement		1
19	Medical/Supplies - Examination Gloves Large Non-Latex	5700090	2
20	Medical/Supplies - Examination Gloves Medium Non-Latex	5700089	2
21	Medical/Supplies - Examination Poncho	4790076	1
22	Medical/Supplies - Eye Wash Station		1
23	Medical/Supplies - First Aid Kit - OSHA	1214058	1
24	Medical/Supplies - Gauze - Sponge 2x2	1002524	3
25	Medical/Supplies - Hand Soap	9004438	1
26	Medical/Supplies - Mini Spike Dispensing Pins - 1box		1
27	Medical/Supplies - Needles - 25 x 1-1/2	9004472	3
28	Medical/Supplies - Pregnancy Tests	1296573	2
29	Medical/Supplies - Razors - Disposable	9007665	1
30	Medical/Supplies - Sanitizing Hand Gel Pump	9004442	1
31	Medical/Supplies - Sani-Wipes	1066794	2
32	Medical/Supplies - Scale (Floor) - 400 lb capacity	1127153	1
33	Medical/Supplies - Sharps Container	1127152	3
34	Medical/Supplies - Sharps Container Wall Mount w/Glove Dispenser		3
35	Medical/Supplies - Specimen Cup Non-Sterile w/Lid - 1 box		1
36	Medical/Supplies - Stepstool Bariatric w/Handle		1
37	Medical/Supplies - Stethoscope	7779348	1
38	Medical/Supplies - Syringes - 1cc	9004475	2
39	Medical/Supplies - Syringes - 3cc	9004475	3
40	Medical/Supplies - Tanita Scale TBF-400	1255385	2

MEDI-WEIGHTLOSS CLINICS® START-UP CLINIC SUPPLIES LIST - Effective 09/25/2023			
#	ITEM DESCRIPTION	Item Number	QUANTITY
41	Medical/Supplies - Tape Measure - Wallmount	1132705	1
42	Medical/Supplies - Oximeter Pulse Fingertip Pocket Size		1
43	Medical/Supplies - Urine Dip Sticks (blood, glucose, ketones)	9004994	1
*	Medical Supplies		*
44	Marketing Kit - 6 ft. Tape Measures		5
45	Marketing Kit - Apparel - Lab Coat		1
46	Marketing Kit - Apparel - Lab Coat 2		1
47	Marketing Kit - Brochures - Trifold		250
48	Marketing Kit - Brochures - Reevue		100
49	Marketing Kit - Cards - Appointment/ Business		1000
50	Marketing Kit - Cards - Referral		500
51	Marketing Kit - Cards - Tent		10
52	Marketing Kit - Display - "Coming Soon" Banner		1
53	Marketing Kit - Display - Logo Mat - Clinic		1
54	Marketing Kit - Medi Living		10
55	Marketing Kit - Holder - Trifold Brochures		2
56	Marketing Kit - OAC Welcome Kit		1
57	Marketing Kit - Stationery - Letterhead		500
58	Marketing Kit - Stationery - Letterhead Envelopes #10		500
59	Marketing Kit - Sticky Notes		500
60	Marketing Kit - Bic Clic Stic Pens		300
*	Marketing Kit		*
61	Engagement Station		1
62	Product Letters		1
63	Success Trio Wall		1
64	Acrylic Logo 3' x 3'		1
*	Branded Designs		*
65	Starter Kit - Grocery Tote		100
66	Starter Kit - Blender Bottle		50
67	Starter Kit - Standard Journal		50
68	Starter Kit - Ketostick		100
*	Starter Kits		*
69	Starter Kit - Supplement - Calcium 4 Blend		90
70	Starter Kit - Supplement - Inner Balance		90
71	Starter Kit - Supplement - Fat Burner		90
72	Starter Kit - Supplement - Omega Three - Enteric Coated		90
73	Starter Kit - Supplement - Vita Super		90
74	Starter Kit - Supplement - Plateau Buster		24
75	Starter Kit - Supplement - Stay Slim 14		48
76	Starter Kit - Supplement - Medi-Bolic Melts		24
77	Starter Kit - Peanut Butter Powder		24
78	Starter Kit - Signature No-Bake Cheesecake		36
79	Starter Kit - Broccoli Cheese Soup		36

MEDI-WEIGHTLOSS CLINICS® START-UP CLINIC SUPPLIES LIST - Effective 09/25/2023			
#	ITEM DESCRIPTION	Item Number	QUANTITY
80	Starter Kit - Apple Cinnamon Oatmeal		36
81	Starter Kit - Limeade Electrolyte		24
82	Starter Kit - Peach Mango Electrolyte		24
83	Starter Kit - Brown Sugar Cinnamon Latte		36
84	Starter Kit - Maple Brown Sugar Oatmeal		36
85	Starter Kit - Shake to Go - Chocolate		16
86	Starter Kit - Shake to Go - Vanilla		16
87	Starter Kit - Shake to Go - Strawberry		16
88	Starter Kit - Shake to Go - Tropical Orange Twist		16
89	Starter Kit - Signature Cinnamon Pancake Mix		24
90	Starter Kit - Signature Blueberry Pancake Mix		24
91	Starter Kit - Premium Protein Shake - Chocolate		12
92	Starter Kit - Premium Protein Shake - Vanilla		12
93	Starter Kit - Premium Protein Shake - Banana		12
94	Starter Kit - Premium Protein Shake - Chocolate Peanut Butter Cup		12
95	Starter Kit - Premium Protein Shake - Cinnabun		12
96	Starter Kit - Premium Protein Shake - Lemon Meringue		12
97	Starter Kit - Premium Protein Shake - Strawberries & Cream		12
98	Starter Kit - Premium Protein Shake - Birthday Cake		12
99	Starter Kit - Premium Protein Shake - Cookie & Cream		12
100	Starter Kit - Premium Protein Shake - Salted Caramel		12
101	Starter Kit - Premium Protein Shake - Orange Cream		12
102	Starter Kit - Chocolate Celebration protein bar		28
103	Starter Kit - Peanut Butter Chocolate protein bar		28
104	Starter Kit - Lucious Lemon Shortbread protein bar		28
105	Starter Kit - Carmel Drizzle Crunch protein bar		28
106	Starter Kit - Cheddar & Onion Protein Chips		18
107	Starter Kit - BBQ Zipper		20
108	Starter Kit - Sour Cream and Herb Zipper		20
109	Starter Kit - Hot Chocolate		40
110	Starter Kit - Nacho Mac & Cheese		24
111	Starter Kit - S'mores Pudding		40
112	Starter Kit - Healthy Chocolate - Multipack		70
*	Supplements		*
113	Marketing Kit - Brochures - Trifold		250
114	Marketing Kit - Cards - Tent		10
*	Powerplay		*
*	Grand Total Items		

EXHIBIT “C” TO THE
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
FRANCHISE AGREEMENT
DATED _____, 20____
WITH

(NAME OF FRANCHISE OWNER)

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS (this “**Assignment**”) is effective as of _____, 20____, between MEDI-WEIGHTLOSS FRANCHISING USA, LLC, an Florida limited liability company, with its principal place of business at 509 S. Hyde Park Avenue, Tampa, Florida 33606 (“**we**,” “**us**” or “**our**”) and _____, whose current place of business is _____ (“**you**” or “**your**”). You and we are sometimes referred to collectively as the “parties” or individually as a “party”.

BACKGROUND INFORMATION:

We have simultaneously entered into the certain Franchise Agreement (the “**Franchise Agreement**”) dated as of _____, 20____ with you, pursuant to which you plan to own and operate a Medi-Weightloss® Business (the “**Business**”). Medi-Weightloss® Businesses use certain proprietary knowledge, procedures, formats, systems, forms, printed materials, applications, methods, specifications, standards and techniques authorized or developed by us (collectively the “**System**”). We identify Medi-Weightloss® Businesses and various components of the System by certain trademarks, trade names, service marks, trade dress and other commercial symbols (collectively the “**Marks**”). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings of the Business if the Franchise Agreement is terminated.

OPERATIVE TERMS:

You and we agree as follows:

1. Background Information: The background information is true and correct. This Assignment will be interpreted by reference to the background information. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.
2. Conditional Assignment: You assign to us, all of your right, title and interest in and to those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the “**Numbers and Listings**”) associated with the Marks and used from time to time in connection with the operation of the Business. We will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless we notify the telephone company and/or the listing agencies with which you have placed telephone directory listings (collectively, the “**Telephone Company**”) to effectuate the assignment of the Numbers and Listings to us. Upon termination or expiration of the Franchise Agreement we will have the right and authority to ownership of the Numbers and Listings. In such event, you will have no further right, title or interest in the Numbers and Listings and will remain liable to the Telephone Company for all past due fees owing to the Telephone Company on or before the date on which the assignment is effective. As between us and you, upon termination or expiration of the Franchise Agreement, we will have the sole right to and interest in the Numbers and Listings.
3. Power of Attorney: You irrevocably appoint us as your true and lawful attorney-in-fact to: (a) direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us; and (b) sign on your behalf such documents and take such actions as may be necessary to effectuate the assignment. Notwithstanding anything else in the Assignment, however, you will immediately notify and instruct the Telephone Company to effectuate the assignment described in this Assignment to us when, and only when: (i) the Franchise Agreement is terminated or expires; and (ii) we instruct you to so notify the Telephone Company. If you fail to promptly direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us, we will direct the Telephone Company to do

so. The Telephone Company may accept our written direction, the Franchise Agreement or this Assignment as conclusive proof of our exclusive rights in and to the Numbers and Listings upon such termination or expiration. The assignment will become immediately and automatically effective upon Telephone Company's receipt of such notice from you or us. If the Telephone Company requires that you and/or we sign the Telephone Company's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, our signature on such forms or documentation on your behalf will effectuate your consent and agreement to the assignment. At any time, you and we will perform such acts and sign and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement. The power of attorney conferred upon us pursuant to the provisions set forth in this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our consent.

4. **Indemnification:** You will indemnify and hold us and our affiliates, stockholders, directors, officers and representatives (collectively, the “**Indemnified Parties**”) harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Telephone Company.

5. **Binding Effect:** This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns.

6. **Assignment to Control:** This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company.

7. **Attorney's Fees, Etc.:** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term “attorneys' fees” means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in arbitration proceedings.

8. **Severability:** If any of the provisions of this Assignment or any section or subsection of this Assignment is held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. **Governing Law and Forum:** This Assignment is governed by Florida law. The parties will not institute any action against any of the other parties to this Assignment except in the state or federal courts of general jurisdiction in Hillsborough County, Florida, and they irrevocably submit to the jurisdiction of such courts and waive any objection they may have to either the jurisdiction or venue of such court.

ASSIGNEE:

ASSIGNOR:

**MEDI-WEIGHTLOSS FRANCHISING USA,
LLC**

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS is accepted and agreed
to by:

(TELEPHONE COMPANY)

By: _____

Name: _____

Its: _____

Date: _____

**EXHIBIT “D” TO THE
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
FRANCHISE AGREEMENT
DATED _____, 20____
WITH**

(Name of Franchise Owner)

GEORGIA COMPETITIVE RESTRICTIONS

If your Franchise Agreement is governed by Georgia law, or if Georgia Law applies to the competitive restrictions in it, Section 17.6 is modified to read as follows:

17.6 Competitive Restrictions: Upon termination or expiration of this Agreement for any reason whatsoever (and you have not acquired a Successor Franchise), you and your owners agree that for a period of two (2) years commencing on the effective date of termination or expiration neither you nor any of your owners will have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, Manager, representative or agent or in any other capacity in any Competitive Business operating at or within 25 miles of the Site, within the Designated Area, or through the Practice. If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of a order of a court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. Furthermore, your agreements with the Practice must provide that, to the maximum extent permitted by law, the Practice and its Physicians and Professionals agree to similar restrictions as are imposed on you under this Section. If any Physician or Professional with whom you contract engages in a Competitive Business without our consent during the term of this Agreement or following termination or expiration of the Agreement, you and such breaching Physician or Professional will be jointly and severally liable to pay to us a fee (the “**Physician Liquidated Damages**”) to help compensate us for our costs of such enforcement in the amount of the Physician Liquidated Damages as listed in Section 17.7 to this Franchise Agreement. Such fee, shall serve as partial liquidated damages and shall not be our exclusive recovery from you, nor limit our recovery from you in any manner for any action. Without limiting the foregoing, the foregoing fee shall not be deemed as, nor shall be used as a measure of our damages for competition by the Practice or any Professionals, and shall in no way limit our right to assert that we have no adequate remedy at law in the event of breach.

**MEDI-WEIGHTLOSS FRANCHISING USA,
LLC**

YOU

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**EXHIBIT “E” TO THE
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
FRANCHISE AGREEMENT
DATED _____, 20____
WITH**

(Name of Franchise Owner)

**RIDER TO
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

This Rider is entered into this _____, 20____ (the “**Effective Date**”), between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**, a Florida limited liability company (“**we**,” “**us**,” “**our**” or “**Franchisor**”), with its principal business address at 509 S. Hyde Park Avenue Tampa, Florida 33606 , and _____, a _____ whose principal business address is _____ (referred to in this Rider as “**you**,” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date, (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.
2. **Termination.** Franchisees’ rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
3. **Governing Law.** Illinois law governs the Franchise Agreement(s).
4. **Jurisdiction.** In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. **Limitation of Claims.** Section 20.7 of the Franchise Agreement is amended to comply with Section 27 of the Act to require any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee or Franchisee’s operation of the Franchise brought by Franchisee against Franchisor to be commenced within three (3) years from the occurrence of the facts giving rise to such claim or action, within one (1) year after the Franchisee becomes aware of the facts or circumstances indicating Franchisee may have a claim for relief, or ninety (90) days after delivery to Franchisee of a written notice disclosing the violation, or such claim or action will be barred.
6. **No Waiver or Disclaimer of Reliance.** No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. The provision supersedes any other term of any document executed in connection with the franchise.

7. **Deferral of Initial Franchise Fees.** Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. If you are

signing the Area Development Addendum, the Initial Franchise Fees for your first franchise will be deferred until the first franchise has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

**MEDI-WEIGHTLOSS FRANCHISING
USA, LLC.**

YOU

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**EXHIBIT "F" TO THE
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
FRANCHISE AGREEMENT
DATED _____, 20____
WITH**

(Name of Franchise Owner)

**STATE ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC.
FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA**

- 1. Under Indiana Code 23-2-2.7-1(10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Sections 20.7 and 20.8 of the Franchise Agreement.

- 2.. Under Indiana Code 23-2-2.7-1(10), franchisee may not agree to waive any claims or rights.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20_____.

**MEDI-WEIGHTLOSS FRANCHISING
USA, LLC**

YOU

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**EXHIBIT “G” TO THE
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
FRANCHISE AGREEMENT
DATED _____, 20____
WITH**

(Name of Franchise Owner)

**RIDER TO
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.
FRANCHISE AGREEMENT AND AREA DEVELOPMENT ADDENDUM
FOR USE IN MARYLAND**

THIS RIDER (the “**Rider**”) is effective as of _____, 20____ (the “**Agreement Date**”), and amends the Franchise Agreement and/or Area Development Addendum dated _____, 20____ (the “**Agreements**”), between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**, a Florida limited liability company, with its principal business address at 509 S. Hyde Park Avenue Tampa, Florida 33606 (“**we,**” “**us,**” “**our**” or “**Franchisor**”), and _____ (“**you,**” “**your**” or “**Franchisee**”), whose mailing address is _____.

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreements. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreements. Terms not otherwise defined in this Rider have the meanings as defined in the Agreements.
2. **General Release.** Pursuant to Maryland Law, a release required by the Franchise Agreement or Area Development Addendum as a condition of renewal, sale and/or assignment / transfer does not apply to any liability under the Maryland Franchise Registration and Disclosure Law (the “**Maryland Law**”).
3. **Limitation of Claims.** Any claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise to you.
4. **Jurisdiction.** You may bring a lawsuit against us in Maryland for any claims arising under the Maryland Law.
5. **No Waiver.** Nothing in this Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under Maryland Law.
6. **Bankruptcy.** Any provision of this Agreement that provides for termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
7. **Effective Date.** This Rider is effective on the Agreement Date regardless of the actual date of signature.
8. **Escrow of Fees.** The Maryland Securities Commissioner has imposed an escrow in connection with our initial franchise fees for franchisees whose franchise relationships with us are governed by Maryland law. Your initial franchise fees will be placed into escrow until you commence operations. This usually occurs at or immediately following the completion of training. When we notify you that you are capable of commencing operations, we will do so in a written notice to you and to the Securities Commission of the State of Maryland. Afterwards, your initial franchise fees (as described in Item 5 of the Franchise Disclosure Document) will be released from escrow only upon the occurrence of written notice of the Securities Commissioner of the State of Maryland that he or she has no exception to the release of such funds to us.
9. **Additional Maryland Disclosure.** The Franchise Agreement and Area Development Addendum, including all exhibits and all addenda are revised to add the following: All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Intending to be bound, the parties sign and deliver this Rider to each other as shown below:

**MEDI-WEIGHTLOSS FRANCHISING
USA, LLC.**

YOU

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**EXHIBIT “H” TO THE
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
FRANCHISE AGREEMENT
DATED _____, 20____
WITH**

(Name of Franchise Owner)

**RIDER TO
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

THIS RIDER (the “**Rider**”) is effective as of _____, 20____ (the “**Agreement Date**”), and amends the Franchise Agreement dated _____, 20____ (the “**Agreement**”), between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**, a Florida limited liability company, with its principal business address at 509 S. Hyde Park Avenue Tampa, Florida 33606 (“**we,**” “**us,**” “**our**” or “**Franchisor**”) and _____ (“**you,**” “**your**” or “**Franchisee**”), a _____, whose mailing address is _____.

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Limitation of Claims.** Section 20.6 of the Agreement is deleted in its entirety.

3. **Termination.** Section 16 of the Agreement is amended to add the following:

With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80c.14, subs. 3, 4, and 5, which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

4. **Jurisdiction.** The following is added to Section 20.8:

Minn. Stat. Sec. 80C.21 and Minn. Rules 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

5. **Waiver of Jury Trial.** Section 20.9 is deleted in its entirety.

6. **Additional Provision.** The following language is added to the Franchise Agreement:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring wavier of jury trail, or requiring that you consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Agreement(s) can abrogate or reduce your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

7. The following language is added as the first sentence to Section 8.9 of the Franchise Agreement (“Marks and Copyright Indemnification”):

During the Term of this Agreement, we will protect your right to use the Marks as long as you are using the Marks in accordance with our System Standards and in compliance with this Agreement.

8. Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22. The Franchise Agreement contains provisions requiring a general release as a condition of renewal or transfer of a franchise. Such release will exclude claims arising under Minnesota Statutes 80C.01 through 80C.22. In addition, no representation or acknowledgement by you in the Franchise Agreement is intended to or shall act as a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.

9. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400J. Also, a court will determine if a bond is required.

10. Any limitations of claims sections must comply with Minnesota Statutes, Section 80.17, Subdivision 5.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

**MEDI-WEIGHTLOSS FRANCHISING
USA, LLC.**

YOU

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**EXHIBIT “I” TO THE
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
FRANCHISE AGREEMENT
DATED _____, 20____
WITH**

(Name of Franchise Owner)

**RIDER TO
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

THIS RIDER (the “**Rider**”) is effective as of _____, 20____ (the “**Agreement Date**”), and amends the Franchise Agreement dated _____, 20____ (the “**Agreement**”), between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**, a Florida limited liability company (“**we,**” “**us,**” “**our**” or “**Franchisor**”) with its principal office at 509 S. Hyde Park Avenue, Tampa, Florida 33606, and _____ (“**you,**” “**your**” or “**Franchisee**”), a _____ whose mailing address is _____.

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.
2. **Grant of Successor Franchise.** You are not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the “ND Law”).
3. **Liquidated Damages or Termination Penalties.** You are not required to consent to liquidated damages or termination penalties.
4. **Post-Term Competitive Restrictions.** Covenants not to compete, such as those mentioned in this section, are generally unenforceable in the State of North Dakota.
5. **Jurisdiction.** All matters coming under the ND Law may be brought in the courts of North Dakota.
6. **Waiver of Punitive Damages.** Section 20.6 is deleted in its entirety.
7. **Limitation of Claims.** The statute of limitations under ND Law applies to all matters coming under ND Law.
8. **Governing Law.** This Agreement will be governed by North Dakota law.
9. **Waiver of Jury Trial.** Section 20.10 is deleted in its entirety.
10. **No Waiver or Disclaimer of Reliance.** No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, a Medi-Weightloss® franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

**MEDI-WEIGHTLOSS FRANCHISING
USA, LLC.**

YOU

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**EXHIBIT “J” TO THE
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
FRANCHISE AGREEMENT
DATED _____, 20____
WITH**

(Name of Franchise Owner)

**RIDER TO
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.
FRANCHISE AGREEMENT
FOR USE IN SOUTH DAKOTA**

THIS RIDER (the “**Rider**”) is effective as of _____, 20____ (the “**Agreement Date**”), and amends the Franchise Agreement dated _____, 20____ (the “**Agreement**”), between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**, a Florida limited liability company (“**we,**” “**us,**” “**our**” or “**Franchisor**”) with its principal address at 509 S. Hyde Park Avenue Tampa, Florida 33606, and _____ (“**you,**” “**your**” or “**Franchisee**”), a _____ whose mailing address is _____.

1. **Precedence And Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Termination.** The following is added to Section 16:

You will have 30 days written notice with an opportunity to cure prior to termination for the following: breach of the Franchise Agreement, failure to meeting performance and quality standards and failure to make royalty payments.

3. **Covenants Not to Complete.** Covenants not to compete on termination or expiration of a Franchise Agreement are generally unenforceable in the state of South Dakota, except in certain instances as provided by law. This statement is given for informational purposes only.

4. **Jurisdiction and Venue.** Any provision which designates jurisdiction or venue or requires you to agree to jurisdiction or venue in a forum outside South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

5. **Fee Deferral.** All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the Franchise Agreement, Medical Practice Management Addendum and the Area Development Addendum.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

**MEDI-WEIGHTLOSS FRANCHISING
USA, LLC.**

YOU

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**EXHIBIT “K” TO THE
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
FRANCHISE AGREEMENT
DATED _____, 20____
WITH**

(Name of Franchise Owner)

**RIDER TO
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.
FRANCHISE AGREEMENT AND OTHER RELATED AGREEMENTS
FOR USE IN WASHINGTON**

THIS RIDER (the “**Rider**”) is effective as of _____, 20____ (the “**Agreement Date**”), and amends the Franchise Agreement dated _____, 20____ (the “**Agreement**”), between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**, a Florida limited liability company (“**we,**” “**us,**” “**our**” or “**Franchisor**”) with its principal address at 509 S. Hyde Park Avenue Tampa, Florida 33606, and _____ (“**you,**” “**your**” or “**Franchisee**”), a _____ whose mailing address is _____.

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Washington Franchise Investment Protection Act.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the “**Act**”), Chapter 19.100 RCW, shall prevail.

3. **Relationship.** The state of Washington has a statute, Section RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

4. **Waiver of Rights.** A release or waiver of rights signed by you will not include rights under the Act except when executed pursuant to a negotiated settlement after the agreement(s) are in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. **Transfer Fees.** Transfer fees are collectable to the extent that they reflect the franchisor’s (our) reasonable estimated or actual costs in effectuating a transfer.

6. **Arbitration or Mediation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

7. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

8. **Non-Solicitation Covenants.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

9. **Fee Deferral.** We will not require or accept the payment of any initial franchise fees until you have (a) received all initial training that you are entitled to under the franchise agreement or offering circular, and (b) are open for business. If you sign a Development Addendum, the Development Fee for each franchise will be deferred, prorated and collected proportionally as each of your Medi-Weightloss® Businesses are open for business.

The undersigned does hereby acknowledge receipt of this Rider.

**MEDI-WEIGHTLOSS FRANCHISING
USA, LLC.**

YOU

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT C TO THE DISCLOSURE DOCUMENT

FORM OF

AREA DEVELOPMENT ADDENDUM

MEDI-WEIGHTLOSS FRANCHISING USA, LLC
AREA DEVELOPMENT ADDENDUM

THIS AREA DEVELOPMENT ADDENDUM (the “**Area Development Addendum**” or the “**Addendum**”) is effective on _____, ____ (“**Agreement Date**”) and amends and is incorporated into the Franchise Agreement between the parties dated _____. The parties to this Addendum are **MEDI-WEIGHTLOSS FRANCHISING USA, LLC**, a Florida limited liability company, with our principal office located at 509 S. Hyde Park Avenue, Tampa, Florida 33606 (referred to in this Addendum as “**we**,” “**us**” or “**our**”) and _____, whose principal address is _____

(referred to in this Addendum as “**you**,” “**your**” or “**Developer**”).

INTRODUCTION.

Through the expenditure of considerable time and effort, we and our affiliates have developed a distinctive system for the development and operation of businesses that, using our System, Marks and Copyrights, offer and sell to persons *who are 18 years of age or older*, the Products and Services we designate or approve (the “**Medi-Weightloss® Business(es)**”). We appoint certain persons who meet our standards and qualifications, and who are willing to undertake special efforts, the rights to own and operate a Medi-Weightloss® Business franchise (“**Unit Franchises**”). Unit Franchises are granted under our Franchise Agreement, a form of which is attached as an exhibit to our Franchise Disclosure Document. In some instances, we appoint certain persons who meet our standards and qualifications and who are willing to undertake special efforts the right to develop and operate one or more Medi-Weightloss® Businesses (“**Development Businesses**”) within a defined geographic area. Individuals or entities granted Unit Franchises are referred to as “**Franchisees**”. Individuals or entities granted the right to own and operate Area Development Businesses are referred to as “**Area Developers**.” By signing this Addendum, you are becoming and serving as one of our Area Developers for the operation of a Development Business. The Medi-Weightloss® Businesses you will operate are sometimes referred to as “**Your Business(es)**.”

You have applied to own and operate a Development Business. We grant to you the right to operate a Development Business subject to the terms and conditions, promises, representations, warranties, and acknowledgements contained in this Addendum. You and we agree as follows:

1. **Development Rights.** If you are in full compliance with all of the provisions of this Addendum and all of the Franchise Agreements referenced in this Addendum, then during the term of this Addendum, we will grant to you a separate “**Development Area**” for each Unit Franchise Under your Development Schedule. Each separate Development Area will be the same as the Site Selection Area for that Unit Franchise under its corresponding Franchise Agreement. A map showing each separate Development Area may be attached as Exhibit to this Addendum. In case of any variation, the Site Selection Areas in the Franchise Agreements control. During the term of this Addendum, we will not ourselves open or operate, or grant to another the right to open or operate a Unit Franchise with a Site in the Development Area. However, the foregoing will not apply to any Unit Franchises that have been previously granted rights, which have Sites or the right to have Sites in the Development Area, or if we or our affiliate(s) currently operate one or more Medi-Weightloss® Business at Sites in the Development Area (individually or collectively, “**Pre-Existing Sites**”). If there are any Pre-Existing Sites in your Development Areas, we will list them on an exhibit to this Addendum.

2. **Development Schedule.** Your Development Schedule is:

Franchise Unit	Franchisee Entity/ Franchise Owner	Agreement Date	Site Selection Date*	Required Opening Date	Date Franchise Fee is Due
Total number of Franchise Units Under Development Addendum: _____					

This Development Schedule modifies any corresponding dates in each applicable Franchise Agreement. Strict compliance with the Development Schedule is the essence of this Addendum.

3. **Initial Package Fees.** Your Initial Package Fee and Training Fee for your first Medi-Weightloss® Business under the Development Schedule is due when you sign this Agreement. The Initial Package Fee and Training Fee for the second and each subsequent Medi-Weightloss® Business is due within 15 days of our approval of the purchase or lease of the Site and those Initial Package Fees are based on our then current Initial Package Fee(s) for those items, which may be more than the Initial Package Fee as of the date of this Addendum. But, the then current Initial Package Fee will not exceed the high range for them in our then current Franchise Disclosure Document. If for any reason we allow you to pay all or any of the Initial Package Fees when you sign this Addendum, you must pay the difference between our then current Initial Package Fee and the Initial Package Fee paid by you. Such amount will be due within 15 days or approval of the lease for your Site. There is no refund if the Initial Package Fee decreases for any reason.

4. **Termination of Development Areas.** Each Development Area for each Unit Franchise is terminated on the sooner of when its Site is selected or the required Site Selection Date for that Unit Franchise specified in the Development Schedule. If you fail to comply with the Site Selection requirements in the Franchise Agreement with respect to any Site, the Development Area for that Unit Franchise immediately terminates. Also, if a Medi-Weightloss® Business operated by any Unit Franchise under the Development Schedule is permanently closed after having been opened, you agree to develop and open a substitute Medi-Weightloss® Business within the original Site Selection Area for that Unit Franchise within 1 year from the date of its closure. We in our sole discretion determine the date of its closure for purposes of establishing such 1 year period.

5. **Termination of Addendum.** This Addendum terminates in its entirety on earlier of (a) the last Site Selection Date specified in in the Development Schedule, (b) the actual selection of the last Site under the Development Schedule, or (c) if terminated due to your breach of this Addendum or any of your Franchise Agreements. In addition, if you are unable to comply with the any Site Selection and/or Opening Date defined in the Development Schedule, we may, in our sole discretion, terminate this Addendum in its entirety, or in part. In case of termination of this Addendum in its entirety, such termination will terminate all development rights in the Development Areas, and terminate the Development Areas and void the Development Schedule. In that instance, the terms of the Franchise Agreements, without regard for this Addendum will control. You are not entitled to any refunds whatsoever if we terminate this Addendum or any Development Area. If for any reason we, in our sole discretion designate one unitary

Development Area for multiple Unit Franchises, or allow any of your Development Areas or Site Selection Areas to overlap, we, in our sole discretion will determine what portion of the Development Area and/or Site Selection Area terminates upon the selection of each Site, or your failure select a Site in compliance with the Franchise Agreement. Any breach of this Addendum by you will also constitute a material breach of the Franchise Agreements and we may, in our sole discretion, do any of the following: terminate this Addendum; terminate any of your Franchise Agreements under which you have not timely and properly elected a Site, or take any other action allowed us in the vent of your breach under any individual or all of your Franchise Agreements.

6. **Rights Retained.** We retain all rights not expressly granted to you under this Addendum. Our reservation of rights is more fully described in your Franchise Agreement. Other than what is expressly granted under this Addendum, we have no obligation to offer you any right of first refusal, or rights to acquire any additional or contiguous Unit Franchises, expansion of any Development Area or Site Selection Areas or any additional Area Development rights whatsoever.

7. **No Successor Or Renewal Rights.** You do not have the right to renew this Addendum or your rights under it.

8. **Precedence and Defined Terms.** This Addendum amends, modifies, and supersedes the terms of, and is an integral part of each of the Franchise Agreements indicated in the Development Schedule. Capitalized terms in this Addendum which are not otherwise defined in this Addendum have the same meanings as defined in our form of Franchise Agreement. Except as otherwise indicated in the Addendum, all other terms and conditions of the Franchise Agreements remain unmodified and in full force and effect. Terms of the introduction are integral parts of this Addendum.

MEDI WEIGHTLOSS FRANCHISING USA, LLC DEVELOPER

INDIVIDUALS:

By: _____
Name: _____
Title: _____
Date: _____

[Signature]

[Print Name]
Date: _____

[Signature]

[Print Name]
Date: _____

**CORPORATION, PARTNERSHIP OR
LIMITED LIABILITY COMPANY**

[Name]

By:_____

Name:_____

Title:_____

Date:_____

**EXHIBIT “A” TO THE
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
AREA DEVELOPMENT ADDENDUM
DATED _____, 20____
WITH**

(Name of Franchise Owner)

**RIDER TO
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.
AREA DEVELOPMENT ADDENDUM
FOR USE IN ILLINOIS**

This Rider is entered into this _____, 20____ (the “**Effective Date**”), between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**, a Florida limited liability company (“**we**,” “**us**,” “**our**” or “**Franchisor**”), with its principal business address at 509 S. Hyde Park Avenue Tampa, Florida 33606 , and _____, a _____ whose principal business address is _____ (referred to in this Rider as “**you**,” “**your**” or “**Franchisee**”) and amends the Area Development Addendum between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Termination.** Franchisees’ rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

3. **Governing Law.** Illinois law governs the Area Development Addendum.

4. **Jurisdiction.** In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. **Limitation of Claims.** Section 20.7 of the Franchise Agreement is amended to comply with Section 27 of the Illinois Franchise Disclosure Act to require any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee or Franchisee’s operation of the Franchise brought by Franchisee against Franchisor to be commenced within three (3) years from the occurrence of the facts giving rise to such claim or action, within one (1) year after the Franchisee becomes aware of the facts or circumstances indicating Franchisee may have a claim for relief, or ninety (90) days after delivery to Franchisee of a written notice disclosing the violation, or such claim or action will be barred.

6. **No Waiver or Disclaimer of Reliance.** No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the

inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. **Fee Deferral.** All Development Fees will be deferred until the first franchise is open for business. The Illinois Attorney General's Office imposed this fee deferral requirement due to Franchisor's financial condition.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

**MEDI-WEIGHTLOSS FRANCHISING
USA, LLC.**

YOU

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**EXHIBIT “B” TO THE
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
AREA DEVELOPMENT AGREEMENT
DATED _____, 20____
WITH**

(Name of Franchise Owner)

**RIDER TO
MEDI-WEIGHTLOSS FRANCHISING USA, LLC.
FRANCHISE AGREEMENT AND AREA DEVELOPMENT ADDENDUM
FOR USE IN MARYLAND**

THIS RIDER (the “**Rider**”) is effective as of _____, 20____ (the “**Agreement Date**”), and amends the Franchise Agreement and/or Area Development Addendum dated _____, 20____ (the “**Agreements**”), between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**, a Florida limited liability company, with its principal business address at 509 S. Hyde Park Avenue Tampa, Florida 33606 (“**we**,” “**us**,” “**our**” or “**Franchisor**”), and _____ (“**you**,” “**your**” or “**Franchisee**”), whose mailing address is _____.

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreements. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreements. Terms not otherwise defined in this Rider have the meanings as defined in the Agreements.

2. **General Release.** Pursuant to Maryland Law, a release required by the Franchise Agreement or Area Development Addendum as a condition of renewal, sale and/or assignment / transfer does not apply to any liability under the Maryland Franchise Registration and Disclosure Law (the “**Maryland Law**”).

3. **Limitation of Claims.** Any claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise to you.

4. **Jurisdiction.** You may bring a lawsuit against us in Maryland for any claims arising under the Maryland Law.

5. **No Waiver.** Nothing in this Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under Maryland Law.

6. **Bankruptcy.** Any provision of this Agreement that provides for termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

7. **Effective Date.** This Rider is effective on the Agreement Date regardless of the actual date of signature.

8. **Escrow of Fees.** The Maryland Securities Commissioner has imposed an escrow in connection with our initial franchise fees for franchisees whose franchise relationships with us are governed by Maryland law. Your initial franchise fees will be placed into escrow until you commence operations. This usually occurs at or immediately following the completion of training. When we notify you that you are capable of commencing operations, we will do so in a written notice to you and to the Securities Commission of the State of Maryland. Afterwards, your initial franchise fees (as described in Item 5 of the Franchise Disclosure Document) will be released from escrow only upon the occurrence of written notice of the Securities Commissioner of the State of Maryland that he or she has no exception to the release of such funds to us.

9. **Additional Maryland Disclosure.** The Franchise Agreement and Area Development Addendum, including all exhibits and all addenda are revised to add the following: All representations

requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Intending to be bound, the parties sign and deliver this Rider to each other as shown below:

**MEDI-WEIGHTLOSS FRANCHISING
USA, LLC.**

YOU

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**EXHIBIT “C” TO THE
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
AREA DEVELOPMENT ADDENDUM
DATED _____, 20____
WITH**

(Name of Franchise Owner)

**RIDER TO
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
AREA DEVELOPMENT ADDENDUM AND OTHER RELATED AGREEMENTS
FOR USE IN WASHINGTON**

This Rider is entered into this _____, 20____ (the “**Effective Date**”), between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC.**, a Florida limited liability company (“**we**,” “**us**,” “**our**” or “**Franchisor**”), with its principal business address at 509 S. Hyde Park Avenue Tampa, Florida 33606 , and _____, a _____ whose principal business address is _____ (referred to in this Rider as “**you**,” “**your**” or “**Franchisee**”) and amends the Area Development Addendum between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Washington Franchise Investment Protection Act.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the “**Act**”), Chapter 19.100 RCW, shall prevail.

3. **Relationship.** The state of Washington has a statute, Section RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

4. **Waiver of Rights.** A release or waiver of rights signed by you will not include rights under the Act except when executed pursuant to a negotiated settlement after the agreement(s) are in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. **Transfer Fees.** Transfer fees are collectable to the extent that they reflect the franchisor’s (our) reasonable estimated or actual costs in effectuating a transfer.

6. **Arbitration or Mediation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

7. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

8. **Non-Solicitation Covenants.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

9. **Fee Deferral.** We will not require or accept the payment of any initial franchise fees until you have (a) received all initial training that you are entitled to under the franchise agreement or offering circular, and (b) are open for business. If you sign a Development Addendum, the Development Fee for each franchise will be deferred, prorated and collected proportionally as each of your Medi-Weightloss® Businesses are open for business.

The undersigned does hereby acknowledge receipt of this Rider.

**MEDI-WEIGHTLOSS FRANCHISING
USA, LLC.**

YOU

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT D TO THE DISCLOSURE DOCUMENT

**FORM OF
NCP ADDENDUM**

NCP ADDENDUM

TO

FRANCHISE AGREEMENT

THIS NCP ADDENDUM (the “**Addendum**”) to the Franchise Agreement effective as of _____, 20____ (the “**Franchise Agreement**”) by and between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC**, a Florida limited liability company, (“**we,**” “**us,**” or “**our**”), and _____, a _____ (“**you,**” “**your,**” or “**Franchisee**”), is made and entered into to be effective for all purposes as of _____, 20____.

WHEREAS, the parties desire to amend certain sections of the Franchise Agreement

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and in reliance upon the representations and warranties hereinafter set forth, the parties hereto hereby agree as follows:

1. **Precedence and Defined Terms.** Terms used but not otherwise defined in this Addendum shall have the same meanings as defined in the Franchise Agreement. This Addendum modifies and supersedes any contrary provision of the Franchise Agreement.
2. **Changes.** Pursuant to the Franchise Agreement, certain modifications to the Franchise Agreement are made in accordance with this Addendum and pursuant to the terms of the Franchise Agreement. Under this Addendum, the Medi-Weightloss® Business will employ the Physicians and other Professionals.
3. **Amendment to Definitions of “Royalty Fee”.** In no event shall Royalty Fee be considered to include any revenue derived by Medical Practice of a Professional with or by a Physician with which Franchisee may contract from time to time during the Term or any renewal Term; provided, further, however, that in no event shall Royalty Fee be calculated, fees charged or Gross Sales be deemed to encompass, include or cause any (i) direct or indirect rebate, (ii) kickback, (iii) referral fee, or (iv) Client fees or percentage arrangements if sales are tied to the Practice of a Professional in exchange for a referral of clients by or to the Physicians.
4. **Gross Sales.** Consistent with this Addendum, the service fees and other compensation you receive from the Practice of a Professional will not be included in Gross Sales. You will provide space to the Professionals to provide their medical services in your Medi-Weightloss® Business, and may provide certain non-medical Practice Management Services to it.
5. **CPI Adjustment.** The Consumer Price Index adjustment described in the Franchise Agreement will apply to the fixed dollar amounts above.
6. **Scope of Business.** Your Medi-Weightloss® Business will sell Foundational Elements and Branded Products and Services and other Products and Services we may designate as part of the Medi-Weightloss® Program to Clients and will charge program participation fees. However, the program participation fees may not include any component for medical services.
7. **Amendment to Definitions of “Manuals” and “Operations Manual”.** The definitions of the terms “Manuals” and “Operations Manual” as used throughout the Franchise Agreement are hereby amended to the degree necessary to reflect the Franchisee/Medical Practice Delineation (as defined below) and/or Franchisee’s advertising review rights described above; the parties hereto acknowledge and agree that notwithstanding the terms, conditions, prohibitions and content of such Manuals, you shall not be required to adhere to or comply with any term, condition, prohibition or content of the Manuals at

odds, or in conflict with, the Franchisee/ Practice of a Professional Delineation and that all terms, conditions, prohibitions and content of such Manuals that by their nature conflict with the Franchise Agreement as amended by this Addendum or the spirit or letter of this Addendum shall not be deemed to apply to you.

8. **Amendment of Certain Terms Referenced in Section 5; Generally.** The term “Art,” “Business Materials,” “Collateral,” “Development,” “Equipment,” “Operating Assets,” “Preferred Vendor Programs,” “Program Rules,” and “System Standards” are all hereby amended to the degree necessary so that when such terms are applied, utilized, referenced or interpreted in Franchise Agreement, we shall recognize the fact (i) that you will share space pursuant to a lease and administrative services agreement or other agreement or employ the Practice of a Professional (such agreement to be subject to our review for consistency with the Franchise Agreement and Addendum) with one or more Physicians or other Professionals or the like to provide the Medical Products and Services (collectively or separately, a “Practice of a Professional”), (ii) that we shall have no contractual privity with the Medical Practice, and the Practice of a Professional shall therefore have none of the rights or responsibilities expressed in the Franchise Agreement, (iii) that no individual elements of "Art", "Operating Assets," "Business Materials," "Collateral," "Development," "Equipment," "Operating Assets," or "System Standards" shall be deemed to relate or belong to the Practice of a Professional in the course of an effort by us to apply, utilize, reference or interpret such terms with regard to you, (iv) that the Medical Practice, and not you, may contract with clients to provide Medical Products and Services, and (v) that, notwithstanding any other term or provision of the Franchise Agreement, you shall in no way be obligated to us for the actions or conduct of the Physicians or Professionals with respect to the Practice of a Professional and you shall not be responsible for (x) causing the Practice of a Professional to adhere to System Standards or the spirit or content of the Manuals or this Franchise Agreement, or (y) any duty or liability associated with the sharing with the Medical Practice of Confidential Information (collectively, the "Franchise/Medical Practice Delineation"). In connection with this amendment and set of mutual understandings, the terms "affiliate," "control" and "owner" shall not be construed in any way in the Franchise Agreement to include a Practice of a Professional or their own affiliates, owners, control persons, or otherwise, in such terms, even if you and the Practice of a Professional share affiliates, owners, control persons or otherwise in common.

9. **Medical Director.** We will not require a Medical Director to attend any Additional Training relating to the Practice of a Profession. Instead we may require that one of your personnel, other than your Medical Director, attend a training program we may designate as a replacement to such Medical Director's Training.

10. **Franchise Disclosure Document.** The parties acknowledge by the execution of this Addendum that all of the amendments of the Franchise Agreement accomplished hereby shall be deemed to relate to our Franchise Disclosure Document where necessary to effect the purpose and intent of this Addendum and, further, that you shall not be required to honor or observe any contrary standard, term, condition or covenant of our Franchise Disclosure Document at odds with this Addendum or the spirit or letter hereof, including, but not limited to the strategic import to you of the Franchisee/ Practice of a Professional Delineation.

11. **Change in Law.** This Addendum and the Franchise Agreement are intended to comply with existing federal laws and regulations and the laws and regulations of the state in which your Medi-Weightloss® Business is located. The parties acknowledge that the existing laws and regulations may change and that the courts or federal and state agencies with jurisdiction over the parties may change their interpretation of existing law. Upon the enactment or amendment of any applicable state law or federal law or regulation, or upon the issuance of any judicial or interpretive ruling of any existing applicable

state law or federal law or regulation that renders the Addendum or the Franchise Agreement, or any part of either, illegal or contrary to applicable law, either party shall notify the other party of such event by providing the other party an opinion of counsel to such effect. To the extent the change in law does not permit the severance of a specific provision of the Addendum or the Franchise Agreement without materially frustrating its purpose and substantially altering the essential relationship between the parties, the parties shall use their best efforts during a thirty (30) day period after such notice is sent by either party to mutually agree to such amendments to the Addendum and/or the Franchise Agreement as to permit the valid and legal continuation of each, preserving to the maximum extent possible the relative economic positions of the parties to the extent permitted by law. If, after such thirty (30) day period, the parties are unable to agree to amend the Addendum and the Franchise Agreement to comply with applicable law, the Addendum and the Franchise Agreement shall be terminable by either party if necessary to prevent the parties from operating in violation of applicable law.

12. **Remaining Terms Unaffected.** Except as expressly amended herein, all other terms and provisions of the Franchise Agreement remain in full force and effect and are hereby ratified and confirmed in all respects.

13. **Counterparts.** This Addendum may be executed in one or more counterparts, each of which counterparts shall be deemed an original and all of which together shall constitute one and the same Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first written above.

**MEDI-WEIGHTLOSS FRANCHISING
USA, LLC**

YOU

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT E TO THE DISCLOSURE DOCUMENT

**FORM OF
OWNERS' STATEMENT**

OWNERS' STATEMENT

This form must be completed by the Franchisee (“I,” “me,” or “my”) if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to me.

Form of Franchisee. I am a (check one):

- 1. General Partnership
- 2. Corporation
- 3. Limited Partnership
- 4. Limited Liability Company
- 5. Other

Specify _____

Business Entity. I was incorporated or formed on _____, under the laws of the State of _____. I have not conducted business under any name other than my corporate, limited liability company or partnership name and _____. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	Position(s) Held
_____	_____
_____	_____
_____	_____
_____	_____

Owners. The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner’s interest. Attach additional sheets if necessary.

Owner’s Name	Spouse/Life Partner	Address	Description of Interest

Governing Documents. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of your Medi-Weightloss® Business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Owners is current and complete as of _____, 20____.

INDIVIDUALS:

Signature _____

Name: _____

Signature _____

Name: _____

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

Name _____

By: _____

Title: _____

EXHIBIT F TO THE DISCLOSURE DOCUMENT

**FORM OF
OWNERS' GUARANTY**

OWNERS' GUARANTY

THIS OWNERS' GUARANTY (this "**Guaranty**") must be signed by the direct and indirect owners (referred to as "you" for purposes of this Guaranty only) of _____ (the "**Business Entity**") under the _____ including any Area Development Addendum or other addenda or exhibits to it, effective as of _____, 20____ (individually and collectively, the "**Agreement**") between the Business Entity and MEDI-WEIGHTLOSS FRANCHISING USA, LLC ("**us,**" "**our**" or "**we**").

1. Scope of Guaranty. In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty jointly, severally, personally and unconditionally:

(a) guarantee to us and our successors and assigns that your Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement;

(b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement;

(c) without limiting (b), above, specifically acknowledge, agree, represent and warrant that you, as an individual will be personally bound by each and every injunctive, confidentiality and restrictive covenant provision in the Franchise Agreement as if you were the Franchisee; and

(d) agree that All of the in-term and post term confidentiality, non-competition and nondisclosure obligations of the Franchisee are incorporated into this Guaranty by reference.

2. No Limitation of Scope of Guaranty.

(e) There are no limits on your obligations under the Franchise Agreement and you remain bound by them.

(f) This Guaranty applies to any extensions, renewals, modifications or successor agreements (per Medi-Weightloss® Business) to the Agreement, unless and until specifically and expressly modified in writing by specific reference to this Guaranty at the time of extension, renewal, modification or successor agreement. This Guaranty is non-revocable except by our express written agreement and such revocation will not affect in any manner our right to terminate or take any action under the Agreement. Any married person who signs this Guaranty expressly agrees that recourse under this Guaranty may be had against his/her community property, along with any separate property for any and all obligations under this Guaranty.

3. Waivers. Each of you waive:

(a) acceptance and notice of acceptance by us of your obligations under this Guaranty;

(b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you;

(c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you;

(d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability;

(e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty;

(f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors; and

(g) any requirement for a bond in connection with the enforcement of any restrictive covenant contained in the Agreement.

4. Consents and Agreements. Each of you consent and agree that:

- (a) your direct and immediate liability under this Guaranty are joint and several;
- (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so;
- (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person;
- (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and
- (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration, or during any modification of it.

5. Enforcement Costs. If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include our accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

6. Effectiveness. Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Florida law and we may enforce our rights regarding it in the courts of Hillsborough County, Florida. Each of you irrevocably submits to the jurisdiction and venue of such courts. This Guaranty applies to any of your successors or assigns. This Guaranty is in integral part of and incorporated into the Franchise Agreement.

(Signature Page Immediately Follows)

Each of you now sign and deliver this Owners' Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

PERCENTAGE OF OWNERSHIP
INTEREST IN BUSINESS ENTITY

GUARANTORS

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

EXHIBIT G TO THE DISCLOSURE DOCUMENT

FORMS OF RELEASES: RENEWAL AND TRANSFER

RELEASE -- RENEWAL

THIS RELEASE is given by _____ and all of its predecessors, parent company, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their employees, owners, officers, directors, heirs, beneficiaries, executors and administrators (individually and collectively, "**Releasor**") to MEDI-WEIGHTLOSS FRANCHISING USA, LLC, and their predecessors, agents, affiliates, subsidiaries, parents, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (individually and collectively, "**Released Parties**").

Releasor is a party to that certain _____ Agreement dated effective _____ (the "**Prior Agreement**"). Releasor seeks to enter into a successor _____ Agreement (the "**Successor Agreement**") pursuant to the terms for closing under the Prior Agreement. The Prior Agreement requires Releasor to provide this release to Released Parties as a condition to entering into the Successor Agreement. For good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Releasor hereby agrees as follows:

1. Effective on the date of this Release, and subject to the exceptions set forth in Paragraph 5 below, Releasor forever releases and discharges and covenants (promises) not to sue, or bring any form of arbitration or litigation against the Released Parties from or relating to any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, fixed or contingent, past or present, which Releasor now has or ever had against Released Parties, including without limitation, anything arising out of that certain relationship under which Releasor was sold training, products or services to enable Releasor to operate or begin a business of operating a Medi-Weightloss® Business, the business relationship between Released Parties and Releasor and any other relationships between Releasor and Released Parties; except Released Parties' obligations under the Successor Agreement dated effective _____ to which this release is an Exhibit. Subject to the foregoing, this Release is intended by the parties to be unqualifiedly general in scope and effect and effective for: (a) any and all claims and obligations, including those of which Releasor is not now aware; and (b) all claims Releasor has from anything which has happened up to now.

2. Releasor is bound by this Release. Releasor freely and voluntarily gives this Release to Released Parties for good and valuable consideration and Releasor and Released parties acknowledge its receipt and sufficiency. Releasor is giving up its right to sue the Released Parties. The parties are executing this Release after independent investigation and without fraud, duress, or undue influence. Releasor acknowledges and agrees that the Released Parties will suffer monetary damages as a result of the release, as well as the covenant not to sue granted hereunder, and that the Released Parties may sue for damages for either or both such breach(es).

3. For the purpose of implementing a full and complete release and discharge of all known and unknown claims, Releasor expressly acknowledges that this Release is intended to include and does include in its effect, without limitations, any and all rights which Releasor does not know or suspect to exist in Releasor's favor, as of the date of execution of this Release and that this Release expressly provides for the extinguishment of all such claims, including but not limited to, any and all rights or claims under any applicable federal, state or local statute, regulation or common law.

4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

5. Releasor represents and warrants to Released Parties that Releasor has not assigned or transferred to any other person any claim or right Releasor had or now has relating to or against the Released Parties.

6. In this Release, each pronoun includes the singular and plural as the context may require.

7. This Release is governed by Florida law or [] _____ law (if box checked).

This Release is effective _____ 20____ notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned Releasor executes this Release:

By: _____
Name: _____
Title: _____
Date: _____

STATE OF _____)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by _____, on behalf of _____ who is personally known to me or has produced _____ as identification.

Signature of Notary
Printed Name of Notary _____
Notary Public, State of _____
Serial Number of Notary _____

RELEASE -- ASSIGNMENT

THIS RELEASE is given by _____ and all of its predecessors, parent company, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their employees, owners, officers, directors, heirs, beneficiaries, executors and administrators (individually and collectively, "**Releasor**") to MEDI-WEIGHTLOSS FRANCHISING USA, LLC, and their predecessors, agents, affiliates, subsidiaries, parents, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (individually and collectively, "**Released Parties** ").

Releasor is a party to that certain _____ Agreement dated effective ____ (the "**Prior Agreement**"). Releasor seeks to, pursuant to the terms of the Prior Agreement; transfer its rights under the Prior Agreement to _____ ("**Transferee**"). As a result of such transaction (the "**Transfer**"), Releasor and Transferee will engage in a transaction that constitutes a "transfer" under the terms of the Prior Agreement. The Prior Agreement requires Franchisee to provide this release to Released Parties as a condition to entering into the Transfer. For good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Releasor agrees as follows:

1. Effective on the date of this Release, and subject to the exceptions set forth in Paragraph 5 below, Releasor forever releases and discharges and covenants (promises) not to sue, or bring any form of arbitration or litigation against the Released Parties from or relating to any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, fixed or contingent, past or present, which Releasor now has or ever had against Released Parties, including without limitation, anything arising out of that certain Prior Agreement, the relationship under which Releasor was sold training, products or services to enable it to operate or begin a business of operating a Medi-Weightloss® Business, the business relationship between Released Parties and Releasor and any other relationships between Releasor and Released Parties; except Released Parties' obligations under the to which this release is an Exhibit. This Release is intended by the parties' agreements effectuating the Transfer. Subject to the foregoing, this release is intended by the parties to be unqualifiedly general in scope and effect and effective for: (a) any and all claims and obligations, including those of which Releasor is not now aware; and (b) all claims Releasor has from anything which has happened up to now.

2. You and your owners agree that commencing on the date of this Release, for a period of two (2) years, neither you nor any of your owners will have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, Manager, representative or agent or in any other capacity in any Competitive Business operating at the Site, within the Designated Area, or through the Practice; within twenty-five (25) miles of the Site, the Designated Area; or within twenty-five (25) miles of any other Medi-Weightloss® Business or its Site and Designated Area in operation or under construction on the later of the effective date of the termination or expiration. Terms not otherwise defined herein have the same meanings as provided in the Prior Agreement. If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of a court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. Furthermore, your agreements with the Practice must provide that, to the maximum extent permitted by law, the Practice and its Physicians and Professionals agree to similar restrictions as are imposed on you under this Section. The term "**Competitive Business**" as used in this Release means any business (other than a Medi-Weightloss® Business operated under a franchise agreement with us) or facility owning, operating or managing, or granting franchises or licenses to others

to do so, any clinic or other business or facility that offers physician monitored or non-physician supervised weight loss, weight management, nutritional, wellness or health products and services, any Practice Management Services or any other products or services that are the same or similar to the Products and Services (including Other Services) then offered by Medi-Weightloss® Businesses.

3. Releasor is bound by this Release. Releasor freely and voluntarily gives this Release to Released Parties for good and valuable consideration and Releasor and Released parties acknowledge its receipt and sufficiency. Releasor is giving up its right to sue the Released Parties. The parties are executing this License after independent investigation and without fraud, duress, or undue influence. Releasor acknowledges and agrees that the Released Parties will suffer monetary damages as a result of the release, as well as the covenant not to sue granted hereunder, and that the Released Parties may sue for damages for either or both such breach(es).

4. For the purpose of implementing a full and complete release and discharge of all such known and unknown claims, Releasor expressly acknowledges that this Release is intended to include and does include in its effect, without limitations, any and all rights and claims except Released Parties', which Franchisee does not know or suspect to exist in Releasor's favor, as of the date of execution of this Release and that this Release expressly provides for the extinguishment of all such claims, including but not limited to, any and all rights or claims under any applicable federal, state or local statute, regulation or common law.

5. A release or waiver or rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

6. Releasor represents and warrants to Released Parties that Releasor has not assigned or transferred to any other person any claim or right Releasor had or now has relating to or against the Released Parties.

7. In this Release, each pronoun includes the singular and plural as the context may require.

8. This Release is governed by Florida law or [] _____ law (if box checked).

This Release is effective _____ 20____ notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned Releasor executes this Release:

By: _____
Name: _____
Title: _____

STATE OF _____)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by _____, on behalf of _____ who is personally known to me or has produced _____ as identification.

Signature of Notary
Printed Name of Notary _____
Notary Public, State of _____

EXHIBIT H TO THE DISCLOSURE DOCUMENT

**FORM OF
MEDICAL PRACTICE MANAGEMENT ADDENDUM**

MEDI-WEIGHT LOSS FRANCHISING USA, LLC

MEDICAL PRACTICE MANAGEMENT ADDENDUM

THIS MEDICAL PRACTICE MANAGEMENT ADDENDUM (the “**Addendum**”) is effective as of _____, 20____ (the “**Addendum Date**”). The parties to this Addendum are _____ (referred to in this Addendum as “**we**”, “**us**”, “**our**” or “**Manager**”), and _____, whose principal business address is _____ (referred to in this Addendum as “**you**,” “**your**” or the “**Practice**”); and MEDI-WEIGHTLOSS FRANCHISING USA, LLC (“**Franchisor**”), a Florida limited liability company, with its principal business address at 509 South Hyde Park Avenue, Tampa, FL 33606.

I. INTRODUCTION.

1.1 **Procedures and Defined Terms.** Terms not otherwise defined in this Addendum have the meanings as described in the Franchise Agreement dated _____ between _____ and Franchisor (the “**Franchise Agreement**”). This Addendum is incorporated into and is an integral part of the Franchise Agreement.

1.2 **Need for Medical Practice Affiliation.** Because of the need to comply with laws governing health care providers and Medical Products and Services, the Medi-Weightloss® Businesses are usually comprised of 2 entities: (1) an affiliated clinic (the “**Franchised Business**”) and (2) an affiliated independently owned and operated medical practice (the “**Practice**”).

1.3 **Practice Management Services.** Manager and Practice desire for the Practice to serve as the Medical Practice, to work in concert with the Franchised Business, in accordance with applicable laws, rules and regulations for the operation of the Medi-Weightloss® Business identified, or which will be designated on Exhibit "A" (our Medi-Weightloss® Business). Items not otherwise defined herein have the meanings as defined in the Franchise Agreement. The business the Practice will conduct to provide the Physician Activities and other Medical Products and Services in support of and in cooperation with the Franchised Business in connection with the Medi-Weightloss® Business are referred to as the “Practice’s Weight Loss Business.” Under this Addendum, the Franchised Business will provide you the “Practice Management Services,” which for purposes of this Addendum are those products and services provided by the Manager and the Practice hereunder.

II. ACKNOWLEDGEMENTS AND REPRESENTATIONS

This Addendum amends any agreement under which the Practice will appoint the Franchised Business/Manager as the sole and exclusive manager/agent to administer and manage the operational and regulatory aspects of the Practice’s Weight Loss Business (the “**Management Agreement**”). This Addendum amends, modifies and supersedes any conflicting terms of the Management Agreement.

2.1 **Business Organization.** If you or we are, at any time, a business organization (like a corporation, Physicians Association, limited liability company or partnership) (“**Business Entity**”):

- (a) **Each of your Owners, during the term of this Addendum, will sign and deliver to us our standard form of Owner’s Guaranty (“Owner’s Guaranty”) undertaking to be bound jointly and severally by all provisions of this Addendum and any other agreements between you**

and us. A copy of our current form of Owner's Guaranty is attached as an Exhibit to our Franchise Disclosure Document; and

- (b) **At our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like Articles of Incorporation or organization and partnership, operating or shareholder agreements).**

2.2 **Regulatory Review.** It is the Manager's and the Practice's independent obligation to ensure that the model for use of an affiliated Medical Practice to provide the Medical Products and Services (and any other aspects of the Practice of a Profession or the Practice of Medicine that Manager is prohibited from performing) complies with the applicable laws and rules in the state where they are located ("your state"). Within 30 days of the Addendum Date, the Franchisor may require that either Manager or Practice must have completed, and provided Franchisor with a copy, of a regulatory review of the legal and health care rules and regulations in the Practice's state that apply to the Medi-Weightloss® Business and the parties relationships with each other, including an opinion of legal counsel. The legal opinion must address whether or not the parties may operate a Medi-Weightloss® Business in your state, the restrictions that apply only to Medi-Weightloss® Business operations and relations with the Practice and Franchised Business and whether such laws are consistent with this Addendum and the Franchise Agreement. If (a) such regulatory review would render it impossible or impractical to operate a Medi-Weightloss® Business, in your state in accordance with this Addendum and (b) and the parties are unable to modify proposed operations to enable the Medi-Weightloss® Business to comply, then any party may terminate this Addendum immediately on written notice.

2.3 **Compliance with Healthcare-Related Laws.** Without limiting Practice's or Manager's other obligations under this Addendum to comply with all applicable laws, each must ensure that their relationships with the Practice, Physicians and the Professionals, and the manner in which your Medi-Weightloss® Business provides the Products and Services comply with all applicable laws, rules, regulations, ordinances and standards of professional conduct. As indicated above, Franchisor may require you and us to restructure your and our compensation arrangements with each other, the medical Practice, Physicians or the Professionals in order to comply with applicable law. You are responsible for ensuring that the Professionals and the Physicians, as well as any other healthcare-related professionals who are employed by or work with you in any manner, are properly licensed, certified, trained, educated and experienced to perform the tasks assigned to them or to which they are likely to engage in connection with their relationship with us, your or our clients or the Medi-Weightloss® Business. You agree that, to the extent we designate or is otherwise prohibited by applicable law, you will not bill nor accept any form of insurance, including Medicare, Medicaid or private insurance, for or in connection with the Services rendered or any other activity or service in connection with your customers. However, in limited circumstances, we, subject to our System Standards, may permit you to service customers whose Services are paid for or reimbursed by self-insured companies or third party payors we designate or approve. You understand and agree that this limitation may restrict the customers/clients to which you market or provide Services (such as prohibiting you from offering or selling to Medicaid and Medicare, or insurance reimbursed customers), and you willingly accept such limitation so that you may focus the activities of your Business, and limit them to, to the extent we may designate, "cash" payment on fee-for-service basis. By "cash payment on a fee-for-service basis," we mean that you may charge your customers fees paid by credit card, with cash, debit card, checks or the like, which are paid directly by the customer and not by any public or private insurance carrier or fund. Notwithstanding anything else in this Addendum to the contrary, in the event Manager or any of its employees, independent contractors or agents engages in any practice, behavior or activity that involves patient abuse, negligence or otherwise poses a threat to the safety or welfare of Clients, the Practice shall have the right to terminate this Addendum immediately

upon its delivery of such notice to Manager; provided, in the event such practice, behavior or activity is the result of any action or failure to act on the part of any employee, independent contractor or agent, Manager may cure by removing said employee, independent contractor or agent from any and all duties related to the Practice's Weight Loss Business within five (5) days after receipt of the Practice's notice.

2.4 **No Interference.** We and Franchisor may not and will not interfere with, supervise or assume any responsibility for you or your Professionals', Physicians' or other employees', contractors' or agents' exercise of their medical professional judgment with respect to treatment of customers. This provision controls and modifies any other contrary provision of this Addendum that would in any manner affect or purport to limit the independent exercise of medical professional judgment by you, your Professionals, Physicians or employees, contractors or agents or that would require us to engage in any activity that would constitute the Practice of Medicine or any other form of a Practice of a Profession. All medical decisions, acts or omissions made by, or in connection with, any person in any way associated with your Business in the course of the Practice of Medicine or any other Practice of a Profession will be the decisions of the individual professionals involved and will not be affected by or attributed to us.

2.5 **Responsibility for Treatment.** You acknowledge and agree that we will in no way whatsoever be responsible for and you will indemnify us against any decisions, acts or omissions related to the medical treatment of, Practice of Medicine or any other Practice of a Profession in relation to, or violation of the privacy interests of any person in any way whatsoever associated with your Business. You agree to take all necessary measures to inform all individuals associated with and potential customers of your Business that we have no control over or responsibility for any person's or persons' Practice of Medicine or any other Practice of a Profession.

2.6 **HIPAA.** Pursuant to the provisions of 42 U.S.C. 1171, et seq., enacted as part of the Health Insurance Portability and Accountability Act of 1996, and the regulations promulgated thereunder, each as amended (collectively referred to herein as the "**HIPAA Rule**"), under the terms of this Addendum, Manager is Practice's "Business Associate" (as defined in the HIPAA Rule). As Practice's Business Associate, Manager shall assume those obligations set forth in the Business Associate Agreement which is set forth on an Exhibit to the Franchise Disclosure Document.

III. MARKS, COPYRIGHTS AND CONFIDENTIAL INFORMATION.

3.1 **The Marks and Copyrights.** Each of the Franchised Business and Practice will be bound by all of the restrictions, non-competition terms, non-solicitation terms, transfer terms, covenants, terms and conditions in the Franchise Agreement as they relate to our Marks, Copyrights, trade secrets and Confidential Information as if they were the franchisee under the Franchise Agreement. All such terms and covenants and conditions are incorporated into this Addendum by reference.

IV. RIGHTS AND OBLIGATIONS UPON TERMINATION.

4.1 **Our Rights upon Your Default.** Without limiting any terms of the Franchise Agreement, this Section 4 shall apply: In the event of your material default left incurable in accordance with the applicable cure period under the Terms of this Addendum, the Lease or under any promissory note or other agreement with us, we are entitled, but not limited, to exercise any one or more of the following remedies in our sole discretion:

- (a) to take possession of the Site or any part thereof, personally, or by our agents or attorneys;

- (b) **subject to HIPAA and State laws governing patient privacy to enter upon and take and maintain possession of all or any part of your Practice, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Practice's Weightloss Business without notice and with or without process of law;**
- (c) **to exclude you, your agents or employees from the Site;**
- (d) **as attorney-in fact for you, or in our own name, and under the powers herein granted, to hold, operate, manage and control your Practice and conduct the business, if any, thereof, either personally or by our agents, with full power to use such measures, legally rectifiable, as in our discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, granting full power and authority to us to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;**
- (e) **to cancel or terminate any unauthorized agreements or subleases entered into by you, for any cause or ground which would entitle us to cancel the same;**
- (f) **to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site that may seem judicious, in our sole judgment;**
- (g) **to enter or obtain access to and control of the Site and remove applicable weight management equipment, at your expense and with or without prior notice to you;**
- (h) **to insure and reinsure the same for all risks incidental to our possession, operation and management thereof; and**
- (i) **to ensure continuity of care to patients of the Practice, and in conjunction with paragraphs (b) and (d) of this Section 4.1, access and use or transfer all patient records to another Practice, and contact all clients to inform them of the status of your Practice and/or the availability of other Practices in the market area, so that patients may continue and complete their participation in the Medi Program.**

4.2 **Marks.** Upon the termination or expiration of this Addendum:

- (a) **you may not directly or indirectly at any time or in any manner (except with respect to other Medi-Weightloss® Business you own and operate) identify yourself or any business as a current or former Medi-Weightloss® Business, or as one of our licensees or franchisees, use any**

Mark, any colorable imitation of a Mark or other indicia of a Medi-Weightloss® Business in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;

- (b) **you agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;**
- (c) **you agree to deliver to us within thirty (30) days after, as applicable, the effective date of expiration of this Addendum all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any Mark or Copyright or otherwise identifying or relating to a Medi-Weightloss® Business and allow us, without liability to you or third parties, to remove all such items from your Practice;**
- (d) **you will promptly and at your own expense make such alterations we specify to distinguish your Practice clearly from its former appearance and from other Medi-Weightloss® Business so as to prevent confusion by the public;**
- (e) **you agree that after the effective date of expiration of this Addendum, you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and any regular, classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify; and**
- (f) **you agree to furnish us, within thirty (30) days after the effective date of expiration of this Addendum, with evidence satisfactory to us of your compliance with the foregoing obligations.**

4.3 **Confidential Information.** You agree that, upon termination or expiration of this Addendum, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

4.4 **Competitive Restrictions.** Upon termination or expiration of this Addendum for any reason whatsoever (and you have not acquired a successor franchise), you and your owners or Physicians you employ agree that for a period of two (2) years commencing on the effective date of termination or expiration neither you nor any of your owners will have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, Medical Director, Physician, manager, representative or agent or in any other capacity in any Competitive Business operating:

- (a) at the Site, the Designated Area or through the Practice;
- (b) within twenty-five (25) miles of the Site or Designated Area; or
- (c) within twenty-five (25) miles of any other Medi-Weightloss® Business or Designated Area in operation or under construction on the later of the effective date of the termination or expiration.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your owners and physician employees expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. Furthermore, your agreements with the Practice must provide that, to the maximum extent permitted by law, the Practice and its Physicians and Professionals agree to similar restrictions as are imposed on you under this Section. If any Physician or Professional with whom you contract engages in a Competitive Business without our consent following termination or expiration of this Addendum, you and such breaching physician or professional will be jointly and severally liable to pay to us a fee (the Physician Liquidated Damages) to help compensate us for our costs of such enforcement in the amount of the Physician Liquidated Damages listed on **Exhibit "1"**. Such fee, shall serve as partial liquidated damages and shall not be our exclusive recovery from you, or limit our recovery from you in any manner for any action. Without limiting the foregoing, the foregoing fee shall not be deemed as, no shall be used as a measure of our damages for competition by the Practice or any Professionals, and shall in no way limit our right to assert that we have no adequate remedy at law in the event of breach.

V. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

5.1 **Governing Law.** EXCEPT TO THE EXTENT THIS ADDENDUM OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS ADDENDUM AND THE FRANCHISE ARE GOVERNED BY _____ LAW, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISEE, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. ALL MATTERS RELATING TO ARBITRATION ARE GOVERNED BY THE FEDERAL ARBITRATION ACT. References to any law or regulation also refer to any successor laws or regulations and any impending regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

5.2 **Waiver of Jury Trial.** YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

5.3 **Costs and Attorneys' Fees.** If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Addendum in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys' fees. Attorneys' fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees,

and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Addendum.

5.4 **Binding Effect.** This Addendum is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Addendum, this Addendum will also be binding on your successors and assigns, and your heirs, executors and administrators.

5.5 **No Liability to Others; No Other Beneficiaries.** We will not, because of this Addendum or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Addendum; except that Franchisor is an intended third party beneficiary under this Addendum and may enforce its rights against any party to it. Except as specifically described in this Addendum, no other party has any rights because of this Addendum.

Intending to be bound, you and we sign and deliver this Addendum in two (2) counterparts effective on the Addendum Date, regardless of the actual date of signature.

“US”

By: _____

Name: _____

Title: _____

Date: _____

“YOU”

Name: _____

Date: _____

Name: _____

Date: _____

[Business Entity Name]

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT 1
to
Medical Practice Management Addendum

Physician Liquidated Damages:

\$1,000, per day for each day a Physician or Professional is in breach if the in-term non-competition covenants; \$100,000 if the Practice or a Physician violates the non-solicitation covenants; \$500,000 if a Physician or Professional violates the in-term or post term confidentiality covenants; and \$500,000 if any Physician or Professional violates the post-term non-competition covenants.

EXHIBIT I TO THE DISCLOSURE DOCUMENT

**FORM OF
BUSINESS ASSOCIATE AGREEMENT**

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement ("**Agreement**") is entered into this ____ day of _____, 20____ by and between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC** (a "**Business Associate**") and _____ ("**Covered Entity**").

1. Definitions. For purposes of this Agreement, the following terms shall have the following meanings.

(a) "**PHI**" means "protected health information", as that phrase is defined in the Health Insurance Portability and Accountability Act of 1996 and at in the privacy and security regulations at 45 CFR Parts 160 and 164, each as amended from time to time (collectively, "**HIPAA**").

(b) "**Services**" means those services to be provided to or on behalf of the Covered Entity by the Business Associate, either directly or indirectly, pertaining to the relationship between them, as described in the agreement between the parties dated _____.

(c) "**HITECH Act**" means the privacy and security provisions of the Health Information Technology for Economic and Clinical Health Act of 2009 found in Division A, Title XIII, Subtitle D of Pub. L. No. 111-5.

2. Acknowledgment of Confidential Nature of Information. Except as otherwise provided in this Agreement, Business Associate shall maintain the privacy, security and confidentiality of all PHI it receives from, gathers or created on behalf of Covered Entity (hereinafter referred to as "**CE's PHI**") in accordance with (i) all applicable statutes and regulations, including without limitation, HIPAA, and (ii) the terms of this Agreement.

3. Use of PHI. Business Associate is authorized to use and disclose, only in accordance with the provisions of this Agreement, CE's PHI that is reasonably necessary to provide the Services; provided, however, Business Associate may not use or disclose CE's PHI in a manner that would violate HIPAA if Business Associate were a Covered Entity.

4. Privacy and Security Obligations.

(a) Business Associate shall be responsible for and shall maintain the safety, security and integrity of CE's PHI.

(b) Business Associate specifically assures the Covered Entity that Business Associate shall implement appropriate administrative, technical and physical safeguards to protect the confidentiality, availability and integrity of CE's PHI, including without limitation in connection with the retention by Business Associate of third parties as a part of or in a manner affecting the Services. The permitted and required uses and disclosures of CE's PHI by Business Associate extend only to utilizing CE's PHI within the context of performing the Services and accessing and making disclosures of such PHI solely in connection with Business Associate's obligations with respect to the Services, or as otherwise required by law, both in a manner consistent with the then-applicable requirements of law, including, but not limited to HIPAA.

(c) Each party acknowledges that under HIPAA, as amended by the HITECH Act, either party could be deemed to be in violation of HIPAA if it knew of a pattern of activity or practice of the other party that would be deemed a material breach or violation of that party's

obligations under this Agreement, unless the non-breaching party takes reasonable steps to cure the breach or end the violation; and if such steps are unsuccessful, terminates the Services and/or reports the problem to the Secretary of Health and Human Services. Accordingly, each party shall immediately notify the other party of each incident, whether isolated or resulting from a pattern of activity or practice of the breaching party, that constitutes any such material breach or violation as described above, and shall cooperate in providing notice to individuals, the media, and/or the Secretary if appropriate under the HITECH Act and its implementing regulations.

(d) Business Associate may use and disclose CE's PHI for the proper management and administration of each Business Associate if (i) the disclosure is required by law; or (ii) Business Associate obtains reasonable assurances from the person to whom the information is disclosed (a) that CE's PHI will be held confidentially and used or further disclosed only as required by law or for the purposes for which it was disclosed to such person and (b) that such person will notify Business Associate of any instances of which it is aware in which the confidentiality of CE's PHI has been breached.

5. Specific HIPAA Privacy and Confidentiality Obligations: In connection with CE's PHI, Business Associate shall:

(a) not use or further disclose CE's PHI other than as permitted or required by this Agreement or as required by law.

(b) use appropriate safeguards to prevent use or disclosure of CE's PHI other than as provided by this Agreement.

(c) immediately report to Covered Entity any use or disclosure not permitted by this Agreement of CE's PHI by Business Associate, its officers, directors, employees, contractors, or agents or any security incident, as defined by HIPAA, of which Business Associate becomes aware.

(d) ensure that each of its officers, directors, employees, agents and contractors to whom it provides CE's PHI, agrees to the same restrictions and conditions that apply to Business Associate with respect to such PHI.

(e) in accordance with the provisions of 45 CFR §164.524, as amended from time to time, provide Covered Entity, or, at Covered Entity's request, an individual, with access to or a copy of CE's PHI with respect to such individual for the purposes of responding to the individual's request to inspect or copy such PHI, within ten (10) business days after receiving a request from Covered Entity, unless additional time is reasonably required. If CE has an electronic health record and the individual requests an electronic copy of such PHI, Business Associate shall provide such copy in an electronic format.

(f) in accordance with the provisions of 45 CFR §164.526, as amended from time to time, incorporate amendments to CE's PHI requested by the individual to whom it pertains, in the form and within the time as reasonably directed by Covered Entity, unless Covered Entity directs Business Associate not to make such amendment.

(g) to the extent consistent with its duties and obligations, make available its internal practices, books and records (including this Agreement) relating to the use and disclosure of CE's PHI to the Secretary of the Department of Health and Human Services, or the Secretary's

designee (as used herein, the term “**Secretary**” refers to either the Secretary or the Secretary’s designee, as the case may be).

(h) in accordance with the provisions of 45 CFR §164.528, as amended from time to time, provide to Covered Entity an accounting of disclosures of CE's PHI with respect to an individual for the purposes of responding to that individual’s request for such accounting. Business Associate shall implement all processes and procedures as are reasonably necessary to enable Covered Entity to comply with the request for accounting, including reasonable timeliness requirements.

(i) comply with all privacy and security provisions of the HITECH Act which are applicable to business associates, including any and all regulatory requirements adopted by the Secretary to implement the HITECH Act. In the event that such regulations require amendment of this Agreement, the parties agree to negotiate in good faith to incorporate such requirements in a manner which allows each party to fulfill its duties under HIPAA and the HITECH Act.

6. Disclosure Compelled by Law or Governmental Request. If Business Associate (i) becomes legally compelled by law, process or order of any court or a legislative body, or governmental agency to disclose CE's PHI, or (ii) receives a request from the Secretary to inspect the Business Associate’s books and records relating to the use and disclosure of CE's PHI, the Business Associate shall notify the Covered Entity and cooperate with the Covered Entity in connection with any reasonable and appropriate action the Covered Entity deems necessary with respect to such PHI including, but not limited to, any effort by Covered Entity to quash, modify or amend such compulsion, order or request. Contemporaneously with its delivery of any CE's PHI pursuant to a duly issued compulsion, order or request, Business Associate shall deliver to Covered Entity a true and complete copy of its response thereto including, but not limited to, copies of that CE's PHI included in the Business Associate's response. In the event any CE's PHI is seized or removed from Business Associate's control pursuant to a search warrant or any comparable legal compulsion, the Business Associate shall deliver a true and complete copy of said search warrant or legal compulsion and any inventory prepared by the seizing authority of those items and records seized or removed pursuant thereto to Covered Entity to the extent Business Associate has same.

7. Termination of Services. The Covered Entity may either require that the Business Associate take timely steps to mitigate any breach, or immediately terminate any agreement to provide the Services if Covered Entity, in its sole discretion, determines that Business Associate or its employees, agents or contractors, intends to violate or has violated a material term of this Agreement. Notwithstanding whether any agreement to provide Services expires by its own terms or is terminated with or without cause, except as otherwise expressly set forth herein, this Agreement shall terminate simultaneously with the termination of the agreement to provide the Services; provided the provisions of Sections 5, 7, and 8 shall survive for a period of 6 years following the termination of the Agreement.

8. Obligations Upon Termination of Services. Upon the earlier of (i) the completion of the Services, or (ii) the termination of the agreement to provide Services, the Business Associate shall promptly return to Covered Entity all CE's PHI that Business Associate maintains in any form, unless the Covered Entity directs that the Business Associate destroy such CE's PHI (and retain no copies of such PHI). If Business Associate is directed to destroy CE's PHI, it shall provide the Covered Entity with an affidavit, signed under oath, that all CE's PHI then in the possession of Business Associate, or its employees and contractors has been destroyed. In the event that the return or destruction of CE's PHI would jeopardize Business Associate's ongoing ability to satisfy its ethical obligations or any successor rules adopted from time-to-time by an applicable governing agency, or other body successor to that

function, or is contrary to Business Associate's standard business practices regarding the protection and storage of information obtained from, created or obtained on behalf of its clients, or in order to ensure continuity of patient care in accordance with Business Associate's rights and responsibilities under that certain Medi-Weightloss® Business Franchise Agreement between Business Associate and Covered Entity, then the return or destruction of CE's PHI will be deemed not to be feasible. If there are reasons that the return or destruction of CE's PHI is not feasible and such PHI must be retained for specific reasons, the requirements pertaining to CE's PHI set forth in this Agreement shall continue in effect for so long as the Business Associate retains such PHI, and Business Associate shall not use or disclose such PHI other than for the purpose(s) that made such return or destruction infeasible. This Section 8 shall survive the termination of this Agreement and any agreement to provide Services for such period of time as may be required by law.

9. Inconsistencies. To the extent there are any inconsistencies between this Agreement and the terms of any agreement by which Covered Entity has engaged the Services of Business Associate, the terms of this Agreement shall prevail.

10. Agreements with Business Associate's Contractors and Vendors. Business Associate shall incorporate in all agreements with its contractors and vendors to whom it intends to disclose CE's PHI, such HIPAA compliance provisions as are substantially in the form set forth in this Agreement so that each shall be bound thereunder to the same extent as Business Associate is bound hereunder.

11. Headings; References to CFR. The headings of the paragraphs of this Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise affect the construction of the terms or provisions of this Agreement. References in this Agreement to Sections are to the sections of this Agreement. References to the CFR (Code of Federal Regulations) are intended to mean the cited section of the CFR as the same may be amended from time to time.

12. Modifications. The parties agree that Covered Entity or Business Associate may amend this Agreement as required to comply with any subsequent amendment or modification of HIPAA, the HITECH Act, or any other federal or state law or regulation concerning the privacy or security of PHI, or to comply with a decision of a Court or agency of competent jurisdiction applying or construing its provisions. Each party shall be deemed to accept and agree to any such amendment unless it notifies the other party in writing not less than thirty (30) days after receiving such notice of amendment to this Agreement.

13. Incorporation by Reference/Execution. This Agreement is incorporated into any and all agreements entered into by Covered Entity and Business Associate pursuant to which Business Associate shall receive, create or have access to CE's PHI.

On behalf of Business Associate:

**MEDI-WEIGHTLOSS FRANCHISING USA,
LLC**

By: _____
Title: _____
Date: _____

On behalf of Covered Entity:

By: _____
Title: _____
Date: _____

EXHIBIT J TO THE DISCLOSURE DOCUMENT

FORM OF
ELECTRONIC FUNDS TRANSFER/AUTOMATIC TRANSFER AGREEMENT

ELECTRONIC FUNDS TRANSFER/AUTOMATIC TRANSFER AGREEMENT

THIS ELECTRONIC FUNDS TRANSFER/AUTOMATIC TRANSFER AGREEMENT (the “ACH Agreement”) is effective as of _____, 20____ (the “Agreement Date”) between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC**, a Florida limited liability company, with its principal business address at 509 S. Hyde Park Avenue, Tampa, Florida 33606, **MEDI IP, LLC**, a Florida limited liability company (“**Medi IP**”), whose address is the same as ours, and _____, a _____ limited liability company whose MEDI business address is _____ (referred to in this ACH Agreement as “**you**,” “**your**” or “**Franchisee**”).

1. Precedence and Defined Terms. You have signed, or are simultaneously signing with this ACH Agreement, a Franchise Agreement with us for a MEDI franchise business (the "Franchise Agreement"). Under the Franchise Agreement, Medi-IP is also entitled to certain payments. This ACH Agreement is an integral part of, and is incorporated into, the Franchise Agreement. Nevertheless, this ACH Agreement supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this ACH Agreement have the meanings as defined in the Franchise Agreement.

2. You authorize MEDI-WEIGHTLOSS FRANCHISING USA, LLC and/or Medi-IP to initiate automatic transfer entries from your account to our account in the amount of the Royalty Fee and/or License Fee, and any other fees due us per the Franchise Agreement beginning on the first day of the calendar month in which the opening date occurs (The opening date is the date we approve your business to open and begin accepting clients), and continuing on the same day of each month thereafter.

3. Your Account:

Bank Name: _____

Bank Address: _____

Type of Account: _____

Bank Routing/Transit Number: _____

Account Number: _____

4. You authorize and empower us as your agent with the authority to sign and file on your behalf, and on behalf of your business, all authorizations, instruments, agreements and other documents that the Bank, or any other bank or financial institution that you use, may require to initiate and/or continue the automatic transfer entries necessary. Your appointment of us as attorney-in-fact for you and the power of attorney granted in this ACH Agreement is irrevocable for the term of the Franchise Agreement.

5. This ACH Agreement and the Bank’s authority to make periodic automatic transfer entries remains in full force and effect until the Bank has received written notification from both you and us of the termination of such authority and this ACH Agreement in such time and in such manner as to afford the Bank a reasonable opportunity to act on such notice.

6. You agree to sign any and all other documents requested by us or as may be required by any financial institution to provide for the automatic withdrawal of payments as set forth in this ACH Agreement.

Intending to be bound, you and we sign and deliver this ACH Agreement in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature. This ACH Agreement is not binding on the parties until it has been fully signed and delivered by both parties.

**MEDI-WEIGHTLOSS
FRANCHISING USA, LLC,**
a Florida limited liability company

By: _____
Name: _____
Title: _____

Date: _____

MEDI IP, LLC,
a Florida limited liability company

By: _____
Name: _____
Title: _____

Date: _____

Franchisee

By: _____
Name: _____
Title: _____

Date: _____

By: _____
Name: _____
Title: _____

Date: _____

EXHIBIT K TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AND LICENSED BUSINESSES

**AS OF DECEMBER 31, 2022
and as of the date of this Disclosure Document**

MEDI-WEIGHTLOSS® FRANCHISES AS OF DECEMBER 31, 2022:

STATE	ENTITY NAME	ADDRESS	TELEPHONE NUMBERS
ALABAMA Mobile ¹	MW Wellness XVII, LLC	4407 Old Shell Rd., Ste. D Mobile, AL 36608	251-318-2879
ARIZONA Phoenix	ALOFTA One Enterprises, Inc	2450 W. Happy Valley Rd, Suite 1148 Phoenix, AZ 85085	602-491-2695
CALIFORNIA Los Gatos	Pollard Wellness, Inc.	700 West Parr Avenue, Suite I Los Gatos, CA 95032	408-871-7726
CONNECTICUT Bristol ¹	MW Wellness II, LLC	99 Farmington Ave, Suite 15 Bristol, CT 06010	860-516-5900
CONNECTICUT Brookfield ¹	MW Wellness XV, LLC	67 Federal Rd., Building B, Suite 100 Brookfield, CT 06804	203-404-5779
CONNECTICUT Enfield ¹	MW Wellness VIII, LLC	155 Hazard Ave, Suite 2 Enfield, CT 06082	860-698-6041
CONNECTICUT Orange ¹	Naugatuck Valley Weight Loss Center, LLC	109 Boston Post Road Orange, CT 06477	203-891-0655
CONNECTICUT Oxford	CT Optimal Wellness, LLC	71 Oxford Rd, Suite L Oxford, CT 06478	203-828-0014
CONNECTICUT Stamford	Wellness Stamford, Inc.	764 Washington Blvd. Stamford, CT 06901	203-658-6556
CONNECTICUT Trumbull	CT Optimal Wellness, LLC	115 Technology Dr., Suite a103 Trumbull, CT 06611	203-318-6606
CONNECTICUT Wallingford	MWL-Wallingford, LLC	1243 South Broad Street Wallingford, CT 06492	203-446-4555
CONNECTICUT West Hartford	Optimal Wellness of West Hartford, LLC	1001 Farmington Ave West Hartford, CT 06107	860-213-8365
CONNECTICUT Wethersfield	MWL-Wethersfield, LLC	2783 Silas Deane Hwy Wethersfield, CT 06109	860-249-8659
CONNECTICUT Wilton	Wellness Norwalk, Inc.	70 Danbury Road Wilton, CT 06897	203-349-6334
DELAWARE Hockessin	MW Wellness XI, LLC	304 Lantana Drive Hockessin, DE 19707	302-763-3455
FLORIDA Brandon	Wellness Clinic of Brandon, LLC	203 W. Bloomingdale Ave. Brandon, FL 33511	813-654-1110
FLORIDA Cape Coral	Physicians Weightloss Clinic of Cape Coral, LLC	4202 Del Prado Blvd South Cape Coral, FL 33904	239-471-2125
FLORIDA Clearwater ^{1, 2}	MW Wellness XIII, LLC	26236 US HWY 19 North Clearwater, FL 33761	727-953-3599
FLORIDA Fort Lauderdale	MWL PB-BR, LLC*	2466 E. Commercial Blvd., Suite 101 Fort Lauderdale, FL 33308	754-216-7177

FLORIDA Fort Myers	NMS Weightloss Clinic I, LLC	6150 Diamond Centre Ct, Bldg. 400 Fort Myers, FL 33912	239-333-0828
FLORIDA Lakeland	Maulorico and McFadden Holding Company, LLC	3234 S. Florida Ave., Suite F Lakeland, FL 33803	863-619-9740
FLORIDA Lake Mary	Central Florida Wellness, LLC	1061 South Sun Dr., #1041 Lake Mary, FL 32746	407-603-0000
FLORIDA Lutz	Willett Wellness Clinic, LLC	24420 State Road 54 Lutz, FL 33559	813-909-1700
FLORIDA Melbourne	Central Florida Wellness, LLC	1800 W. Hibiscus Blvd, Suite 131 Melbourne, FL 32901	321-234-4200
FLORIDA Naples	NMS Weightloss Clinic II, LLC	1213 Piper Blvd, Suite 201 Naples, FL 34110	239-325-1633
FLORIDA Orlando	Central Florida Wellness, LLC	8081 Turkey Lake Rd, Suite 650 Orlando, FL 32819	407-226-2993
FLORIDA Tampa ¹	MW Wellness I, LLC	3202 W. Kennedy Blvd., Unit 2 Tampa, FL 33609	813-281-0500
FLORIDA Wildwood/The Villages	Central Florida Wellness, LLC	5563 E. SR44, Unit 5 Wildwood, FL 34785	352-604-0000
FLORIDA Winter Garden	Central Florida Wellness, LLC	15516 W. Colonial Dr. Winter Garden, FL 34787	407-530-3500
FLORIDA Winter Park	Central Florida Wellness, LLC	1234 W. Fairbanks Ave. Winter Park, FL 32789	407-673-5555
GEORGIA Macon	Macon Weight-Loss Clinic, LLC	1062 Forsyth St., Suite 3-B Macon, GA 31201	478-257-6221
GEORGIA Peachtree City	Menke Investment, Inc.*	277 Highway 74 North, Suite 210 Peachtree City, GA 30269	770-628-5660
GEORGIA Warner Robins	AMA Wellness, LLC	1282 South Houston Lake Rd. Warner Robins, GA 31088	478-313-3509
GEORGIA Woodstock	QRC 360 Enterprises, Inc.	12195 Highway 92, Suite 144 Woodstock, GA 30188	678-540-7827
ILLINOIS Elk Grove	GS3 Wellness, LLC	901 Biesterfield Rd., Suite 203 Elk Grove Village, IL 60007	847-262-4300
ILLINOIS Naperville	Naperville Weight Loss, LLC	1979 McDowell Rd, Suite 103 Naperville, IL 60563	331-229-3975
ILLINOIS Peoria	Peoria Weightloss Clinic, LLC	2426 W. Cornerstone Ct., Suite 100 Peoria, IL 61614	309-966-3137
INDIANA Noblesville/Fishers	J & M Wellness, LLC	14350 Mundy Dr. #500 Noblesville, IN 46060	317-922-0909
KANSAS Overland Park	ViJoNi, Inc.	4550 W. 109 th St., Suite 130 Overland Park, KS 66211	913-284-0459
LOUISIANA Abbeville	Lafayette Weight Loss Clinic, LLC	2621 North Drive Abbeville, LA 70510	337-898-6009

LOUISIANA Alexandria	Double D Health Professionals, LLC	3704 North Blvd., Suite C Alexandria, LA 71301	318-427-2250
LOUISIANA West Monroe	Family Clinic Weight Loss, LLC	1900 North 7 th St West Monroe, LA 71291	318- 807-7448
MAINE Biddeford	Bene Esse, Inc.	28 West Cole Rd., Suite 105 Biddeford, ME 04005	207-391-4601
MAINE Kittery	Bene Esse, Inc.	42 State Rd., Suite 103 Kittery, ME 03904	207-690-4966
MASSACHUSETTS Billerica ¹	Arizona LS, LLC	99 Chelmsford Rd., Suite 8 Billerica, MA 01862	978-244-0411
MASSACHUSETTS Braintree	KSA Wellness, Inc.	340 Wood Rd., Suite 206 Braintree, MA 02184	617-433-1160
MASSACHUSETTS Cohasset	ASK Wellness, LLC	760 Chief Justice Cushing Hwy, Unit 1A Cohasset, MA 02025	781-247-5500
MASSACHUSETTS Dartmouth	MW Wellness Ventures IV, LLC	370 Faunce Corner Rd., Suite 1SE Dartmouth, MA 02747	508-683-8817
MASSACHUSETTS Fall River	Prima CARE, P.C.	277 Pleasant St., Suite 309A Fall River, MA 02721	774-365-4542
MASSACHUSETTS Plainville	Washington Square Weightloss, LLC	111 Washington St., Suite 104 Plainville, MA 02762	508-699-2222
MASSACHUSETTS Plymouth	ASK Wellness, LLC	118 Long Pond Rd., Suite 101 Plymouth, MA 02360	774-404-3200
MASSACHUSETTS Raynham	Mass Wellness, Inc.	675 Paramount Dr., Suite 205 Raynham, MA 02767	617-798-6500
MASSACHUSETTS Wakefield	KJC Medi Weight Loss, LLC	603 Salem St., Suite 3 Wakefield, MA 01880	781-245-6334
MASSACHUSETTS Wellesley Hills	Tramontozzi, LLC	49 Walnut Park, Bldg 4B Wellesley Hills, MA 02481	617-923-6334
MICHIGAN Grand Blanc	You Be Well, LLC	9468 Saginaw Rd., Suite B Grand Blanc, MI 48439	810-445-5500
MICHIGAN Okemos	Michigan Weightloss, LLC	5050 March Road, Suite 5 Okemos, MI 48864	517-940-8848
NEVADA Henderson	Medi Weightloss Clinics of Nevada, LLC	2370 W. Horizon Ridge Pkwy, Suite 100 Henderson, NV 89052	702-897-3800
NEW HAMPSHIRE Londonderry ¹	MW Wellness Ventures I, LLC	24 Orchard View Dr., Suite 2 Londonderry, NH 03053	603-782-9081
NEW JERSEY Cherry Hill	Mordecai & Caravello Wellness, LLC	1401 Route 70 East, Suite 1 Cherry Hill, NJ 08034	856-433-8265
NEW JERSEY Edison	Edison Health & Wellness, LLC	1901 Lincoln Hwy Edison, NJ 08817	732-317-3836
NEW JERSEY Green Brook	Bridgewater Health Associates, Inc.	326 US Hwy 22, Suite 10B Green Brook, NJ 08812	732-624-9797

NEW JERSEY Livingston ¹	Livingston I Weightloss, LLC	5 Regent St., Suite 509 Livingston, NJ 07039	973- 251-2437
NEW JERSEY Randolph ¹	MW Wellness VII, LLC	81 State Route 10 East Randolph, NJ 07869	973-891-1870
NEW JERSEY Wayne ¹	MW Wellness X, LLC	1055 Hamburg Turnpike Wayne, NJ 07470	973-646-8383
NORTH CAROLINA Ballantyne	Ballantyne Medi, LLC	7940 Williams Pond Ln., Suite 100 Charlotte, NC 28277	704-752-7779
NORTH CAROLINA Chapel Hill ¹	NC Management III, LLC	112 Perkins Dr., Suite 300 Chapel Hill, NC 27514	919-364-3344
NORTH CAROLINA Charlotte (South Park)	Southpark Medi, LLC	309 South Sharon Amity Rd., Suite 102 Charlotte, NC 28211	704-926-7546
NORTH CAROLINA Charlotte (Steele Creek)	Live Oaks Octagon, LLC	13521 Steelescroft Pkwy, Unit D Charlotte, NC 28278	704-315-5845
NORTH CAROLINA Huntersville	Huntersville Medi, LLC	9930 Kincey Ave., Suite 175 Huntersville, NC 28078	704-820-4197
NORTH CAROLINA Raleigh	Triangle Healthcare, Inc.	1911 Falls Valley Dr., Suite 105 Raleigh, NC 27615	919-249-4600
NORTH CAROLINA Summerfield ¹	MW Management XIV, LLC	4446 US Highway 220 North, Suite E Summerfield, NC 27358	336-290-6669
NORTH CAROLINA Winston-Salem ¹	NC Management II, LLC	3878 Oxford Station Way Winston-Salem, NC 27103	336-517-0072
OHIO Vandalia	Wellness For Me, LLC	505 Corporate Center Dr., Suite A Vandalia, OH 45377	937-898-2098
OKLAHOMA Tulsa	Tulsa Wellness Management, LLC	2448 E. 81 st St., Suite 1250 Tulsa, OK 74137	918-551-6403
PENNSYLVANIA Berwyn	Lose Weight I, LLC	901 Lancaster Ave., Suite 100 Berwyn, PA 19312	610-251-2525
PENNSYLVANIA King of Prussia	Main Line Wellness, LLC	700 S. Henderson Rd., Suite 108 King of Prussia, PA 19406	267-699-3900
PENNSYLVANIA West Chester	TPP Wellness, LLC	1502 West Chester Pk., Suite 32 West Chester, PA 19382	610-886-4976
RHODE ISLAND Johnston	Lifestyle Medicine of Rhode Island, LLC	1524 Atwood Ave., Suite 336 Johnston, RI 02919	401-228-6844
RHODE ISLAND Providence East	Southern New England Wellness, LLC	73 Highland Ave., Unit C East Providence, RI 02914	401-414-4545
RHODE ISLAND Warwick ¹	MW Wellness Ventures II, LLC	80 Lambert Lind Hwy Warwick, RI 02886	401-739-7900
TENNESSEE Brentwood	M3 Medical, Inc.	9000 A. Church Street East Brentwood, TN 37027	615-861-0994
TENNESSEE Knoxville ³	Lean Knox, LLC	1415 Old Weisgarber Rd, Suite 350 Knoxville, TN 37909	865-474-1490

TEXAS Austin North ¹	MW Wellness IV, LLC	13359 Highway 183 North, Suite 403 Austin, TX 78750	512-867-6200
TEXAS Bryan/College Station ¹	MW Wellness III, LLC	3851 Corporate Center Dr., Suite 117 Bryan, TX 77802	979-393-0369
TEXAS Dallas/Preston Hollow	Mind-Body Health Coaching of North Texas, LLC	10455 N. Central Expwy., Suite 113 Dallas, TX 75231	972-707-7755
TEXAS S. Fort Worth	Fort Worth Weightloss Clinic I, LLC	6618 Bryant Irving Rd, Suite 101 Fort Worth, TX 76132	817-263-8800
TEXAS Katy	Enlightened Weigh Wellness Incorporated	22167 Westheimer Pkwy, Suite 105 Katy, TX 77450	281-305-0735
TEXAS McAllen	South Texas Wellness Center, LLC	722 N. Main St. McAllen, TX 78501	956-467-5920
TEXAS Plano/Frisco ¹	MW Wellness VI, LLC	3500 Victory Group Way, Suite 300 Frisco, TX 75034	972-381-9300
TEXAS San Antonio	San Antonio Weightloss, LLC	8706 Fredericksburg Rd., Suite 102 San Antonio, TX 78240	210-697-9500
TEXAS Southlake ¹	MW Wellness V, LLC	1125 Davis Blvd., Suite 100 Southlake, TX 76092	817-488-1956
TEXAS Wichita Falls	Team Thin and Fit, PLLC	3606 Grant St., Suite F Wichita Falls, TX 76308	940-232-9333
VIRGINIA Glen Allen	Glen Allen Medi, LLC	11551 Nuckols Rd, Suite C Glen Allen, VA 23059	804-888-6800
VIRGINIA Mechanicsville	Recorian Wellness Services, LLC	8324 Bell Creek Rd., Suite 100 Mechanicsville, VA 23116	804-522-5500
VIRGINIA Midlothian	Midlothian Medi, LLC	230 Browns Way Rd. Midlothian, VA 23114	804-419-9101
VIRGINIA Woodbridge	Cavery Wellness of Woodbridge, LLC	14330 Gideon Dr. Woodbridge, VA 22192	571-408-9139
WISCONSIN De Pere/Green Bay	CMWL, SC	2411 Holmgren Way Green Bay, WI 54304	920-330-9033

* Denotes franchisee with an Area Development Addendum.

- (1) Company Affiliated Unit: A Medi-Weightloss® Business owned, or partially owned, by Franchisor's Affiliate as of December 31, 2022.
- (2) Effective March 31, 2023, the Clearwater outlet ceased being a Corporate Affiliated Unit, as Franchisor Affiliates PHM and MWC transferred 100% of their interest in MW Wellness XIII, LLC to an unaffiliated third party.
- (3) Effective January 17, 2023, the Knoxville outlet's address is 317 Ebenezer Rd., Knoxville, TN 37923.

II. MEDI-WEIGHTLOSS® FRANCHISES THAT OPENED IN 2023 PRIOR TO THE DATE OF AMENDED DISCLOSURE OF OCTOBER 21, 2023

STATE	ENTITY NAME	ADDRESS	TELEPHONE NUMBERS
FLORIDA Westchase	RNL Wellness, LLC	11967 Sheldon Rd. Tampa, FL 33626	813-776-4400

ILLINOIS Lake Forest	Maggiolino Medical, S.C.	840 South Waukegan Road, Suite 102 Lake Forest, IL 60045	847-920-6334
MASSACHUSETTS North Andover	JSB Wellness, LLC	997 Osgood St. North Andover, MA 01845	978-620-5055
MICHIGAN Canton	Carman 7 LLC*	5816 North Sheldon Rd. Canton, MI 48187	734-307-0037
MICHIGAN Jackson	Wellness Within Jackson, LLC	3343 Spring Arbor Rd., Suite 300 Jackson, MI 49203	517-748-7399
OHIO Mason	Tri State Medical, LLC	5633 Tylersville Rd., Suite B Mason, OH 45040	513-622-9595
TEXAS Flower Mound	Corpore Wellness, LLC	1901 Long Prairie Rd., Suite 314 Flower Mound, TX 75022	469-830-2122
VIRGINIA Alexandria	Hirt Family Corp.	5695 King Centre Dr., Suite 303 Alexandria, VA 22315	571-200-6222
WISCONSIN Mequon	JK Wellness, LLC	10556 N. Port Washington Rd., Suite 204 Mequon, WI53092	262-292-1892

*Denotes franchisee with an Area Development Addendum.

III. MEDI-WEIGHTLOSS® FRANCHISES THAT SIGNED A FRANCHISE AGREEMENT IN OR PRIOR TO 2022 AND WERE NOT OPENED AS OF DECEMBER 31, 2022:

STATE	ENTITY NAME	ADDRESS	TELEPHONE NUMBERS
2019			
TEXAS Brownsville	South Texas Wellness Center, LLC		

STATE	ENTITY NAME	ADDRESS	TELEPHONE NUMBERS
2020			
MASSACHUSETTS Cape Cod	ASK Wellness, LLC		

STATE	ENTITY NAME	ADDRESS	TELEPHONE NUMBERS
2021			
FLORIDA Ft. Lauderdale ¹	MWL PB-BR, LLC*		
FLORIDA Tampa ²	RNL Wellness, LLC*		

*Denotes franchisee with an Area Development Addendum.

- (1) Two locations to open pursuant to Area Development Addendum.
- (2) Two locations to open pursuant to Area Development Addendum.

STATE	ENTITY NAME	ADDRESS	TELEPHONE NUMBERS
2022			
MICHIGAN Ann Arbor ¹	Carman 7 LLC*		

*Denotes franchisee with an Area Development Addendum.

(1) Two locations to open pursuant to Area Development Addendum.

IV. MEDI-WEIGHTLOSS® FRANCHISES THAT SIGNED A FRANCHISE AGREEMENT IN 2023 AND HAVE NOT OPENED AS OF THE DATE OF AMENDED DISCLOSURE OF OCTOBER 21, 2023:

STATE	ENTITY NAME	ADDRESS	TELEPHONE NUMBERS
2023			
FLORIDA Trinity ¹	MW Wellness XIII, LLC*		
GEORGIA Alpharetta & Smyrna ²	Menke Investment, Inc.*		
GEORGIA Evans	F&M Wellness, LLC		
ILLINOIS Bloomington	Twin Cities Wellness, LLC		
KENTUCKY Lexington	LHY Weight Management, LLC	2909 Richmond Rd. #40 Lexington, KY 40509	859-269-2639
NEW YORK Nassau County ³	Medical Associates of Long Island, LLC*		

*Denotes franchisee with an Area Development Addendum.

(1) Location to open pursuant to Area Development Addendum.

(2) Two locations to open pursuant to Area Development Addendum.

(3) Three locations to open pursuant to Area Development Addendum.

V. LIST OF MEDI-WEIGHTLOSS® LICENSED BUSINESSES AS OF DECEMBER 31, 2022:

STATE	ENTITY NAME	ADDRESS	TELEPHONE NUMBERS
FLORIDA Jupiter	MWC of Jupiter, LLC	4600 Military Trail Suite 111 Jupiter, Florida 33458	561-776-5820
FLORIDA Pensacola	Medi Weightloss Clinics Holdings, LLC	910 Royce St. Pensacola, FL 32503	850-444-4997

VI. EXCLUSIVE SALES REPRESENTATIVE BUSINESSES: NONE

VII. MEDI-WEIGHTLOSS® AREA REPRESENTATIVES (FRANCHISE): NONE

VIII. FRANCHISE BROKERS (SALES REPRESENTATIVES WHO ARE INDEPENDENT CONTRACTORS, NOT FRANCHISEES):

FCC -- Nick Neonakis 3735 SW 8th St	FranChoice, Inc. 7500 Flying Cloud Drive, Suite 600	IFPG (International Franchise Professionals Group, Inc.)
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Miami FL 33143 (216) 848-1505	Eden Prairie, MN 55344 (952) 345-8400	499 Ernston Rd, Suite B9 Parlin, NJ 08859 (888) 977-4374
The Entrepreneur's Source, Inc. 464 Heritage Road, Suite 3 Southbury, CT 06488 (203)264-2006	The Entrepreneur Option -- Ken Garron 107 Forrest Ave, Ste 14 Narberth, PZ 19072 (484) 278-4589	The YOU Network 93 Hayden Rowe Street Hopkinton, MA 01748 508-435-8798
Gregory Stewart 65 Prospect Street Topsfield, MA 01983 (617) 721 7427	FranServe, Inc. 345 Route 17 South Upper Saddle River, NJ 07458 (757)778-1822	

IX. INDEPENDENT FRANCHISEE ASSOCIATIONS: None

X. OTHER FRANCHISEE ORGANIZATIONS:

The National Advisory Committee (“NAC”) is supported by the Franchisor and acts in an advisory capacity only. The NAC is not currently formed as an entity in any State, nor does it have its own address, telephone number, or email addresses. However, the NAC can be contacted through its President, currently Kurtis Freidag who resides in Illinois and can be contacted by phone at 309-696-3566 or by email at kfreidag@keppleco.com.

EXHIBIT L TO THE DISCLOSURE DOCUMENT

**LIST OF FRANCHISEES AND LICENSED BUSINESSES WHO HAVE LEFT THE
SYSTEM**

The following is a list of our Franchisees, Licensees, Exclusive Sales Agents and Area Representatives whose Clinic Franchise Agreements, License Agreements, Exclusive Sales Agent Agreements or Area Representative Agreements have either been terminated, canceled, not renewed or who otherwise have left the system during the 12-month period ending December 31, 2022 or who have not communicated with us within 10 weeks of the date of this Disclosure Document:

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

CEASED OPERATIONS

2022 STATE	ENTITY/OWNERS	ADDRESS	TELEPHONE NUMBERS
From January 1, 2022 to December 31, 2022			
GEORGIA Statesboro	Southern Weightloss Clinic, LLC	1098 Bermuda Run, Suite 6 Statesboro, GA 30458	912-681-6334
NEW YORK Garden City	Nassau Health Consultants Corp	300 Garden City Plaza, Suite 330 Garden City, NY 11530	516-268-3026
NEW YORK Mt. Kisco	Siwanoy Wellness One, LLC	666 Lexington Ave., Suite 207a Mt. Kisco, NY 10549	914-704-3900
NORTH CAROLINA Cary	Carolina Healthcare, LLC	1051 Darrington Dr. Cary, NC 27513	919-694-8995

TRANSFERS

2022 STATE	ENTITY/OWNERS	ADDRESS	TELEPHONE NUMBERS
From January 1, 2022 to December 31, 2022			
N/A			

CEASED OPERATIONS 2023

The table below lists Medi-Weightloss Businesses that were in operation as of December 31, 2022, but as of the date of this Disclosure Document have ceased operations:

2023 STATE	ENTITY/OWNERS	ADDRESS	TELEPHONE NUMBERS
ARIZONA Phoenix	ALOFTA One Enterprises, Inc.	2450 W. Happy Valley Rd., Ste 1148 Phoenix, AZ 85085	602-491-2695

- (1) Franchisor’s Affiliate NC Management II, LLC opened a new Medi-Weightloss® Business in this location on February 25, 2022.

EXHIBIT M TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA AND DISCLOSURE

**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC
DISCLOSURE DOCUMENT
FOR FRANCHISE REGISTRATION STATES**

The following provision applies to franchisees or franchises to be located in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC
ILLINOIS DISCLOSURE DOCUMENT

Illinois law governs the Franchise Agreement(s)

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates a jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**STATE ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA**

1. The following statement is added to Item 3 of the Disclosure Document:

There are presently no arbitration proceedings to which the Franchisor is a party.
2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1(9), which states that any post term non-compete covenant must not extend beyond the franchisee’s exclusive territory.
3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20_____.

**MEDI-WEIGHTLOSS FRANCHISING
USA, LLC**

YOU

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC
MARYLAND DISCLOSURE DOCUMENT

1. Item 17 is amended by adding the following language after the table:
 - (a) You may sue in Maryland for claims arising under the Maryland Law. Any claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise.
 - (b) The provision of the franchise agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
 - (c) Pursuant to COMAR 02.02.08L, the General Release required as a condition of renewal, sale and/or transfer does not apply to any liability under the Maryland Law.

2. Items 5 and 7 are amended by adding the following language:

All initial fees and payments shall be deferred until such time as the Franchisor completes its initial obligations. The Maryland Attorney General's Office has required us, based on our financial condition, to impose a fee deferral in connection with our initial franchise fees for franchisees whose franchise relationships with us are governed by Maryland law. Your initial franchise fees will not be due until you commence operations. We consider you capable of commencing operations following your completion of training and our notifying you of our acknowledgement that you have completed all pre-opening obligations under the Franchise Agreement. This usually occurs at or immediately following the completion of training. When we notify you that you are capable of commencing operations, we will do so in a written notice to you. Afterwards, your initial franchise fees (as described in Item 5 of the Franchise Disclosure Document) will be due within 10 days of the date of that notice to you. You are not obligated to pay us any monies until you commence operations.

**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC
MINNESOTA DISCLOSURE DOCUMENT**

1. Item 17, summary column for (f) is amended to add the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure).

2. Item 17, summary column for (m) is amended to add the following:

Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

3. Item 17, summary columns for (v) and (w) are amended to add the following:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. The following language is added to the Minnesota disclosure document:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of jury trial, or requiring that you consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

5. In Item 13, the following language is deleted from the paragraph under the heading "Infringement"- "The Franchise Agreement does not require us to defend the Marks or to participate in your defense and/or indemnify you for your expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licenses to you by us or if the proceeding is resolved unfavorably to you." The following language is added in its place: "As long as you are using our Marks according to our System Standards and in compliance with the terms of your agreements with us, we will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of such Marks by third parties. You must provide written notice to us of any such claim within 10 days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim."

6. Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22. The Franchise Agreement contains provisions requiring a general release as a condition of renewal or transfer of a franchise. Such release will exclude claims arising under Minnesota Statutes 80C.01 through 80C.22. In addition, no representation or acknowledgement by you in the Franchise Agreement is intended to or shall act as a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.
7. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400J. Also, a court will determine if a bond is required.
8. Any limitations of claims sections must comply with Minnesota Statutes, Section 80.17, Subdivision 5.
9. Item 7 of the Franchise Disclosure Document is amended to reflect that the franchisor will defer all initial franchise fees until the opening date of the Medi-Weightloss® Business. Your estimated initial investment is not changed because the initial investment period for Item 7 extends beyond your opening date.

**MEDI-WEIGHTLOSS FRANCHISING
USA, LLC**

YOU

By: _____
 Name: _____
 Title: _____
 Date: _____

By: _____
 Name: _____
 Title: _____
 Date: _____

**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC
NEW YORK DISCLOSURE DOCUMENT**

The last paragraph contained in Item 3 is deleted in its entirety and the following is inserted in its place:

No other person previously identified in Items 1 or 2 of this Disclosure Document:

(a) Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. There are no pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations;

(b) Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the date of application to register the franchise in New York, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations; or

(c) Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

The first sentence in Item 4 is deleted in its entirety and the following is inserted in its place:

No person previously identified in Items 1 or 2 of this Disclosure Document during the 10-year period immediately before the date of this Disclosure Document:

(a) Filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code (the "**Bankruptcy Code**");

(b) Obtained a discharge of its debts under the Bankruptcy Code; or

(c) Was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the Bankruptcy Code or that obtained a discharge of its debts under the Bankruptcy Code during or within 1 year after the person held this position in the company or partnership.

Add the following language at the end of summary of (d) Termination by you in Item 17:

You may terminate the agreement on any grounds available by law.

Add the following language at the end of summary of (j) Termination by you in Item 17:

However, no assignment will be granted except to an assignee that, in our good faith judgment, is willing and able to assume our obligation.

Add the following language at end of summary column of (w) Choice of Law in Item 17:

The foregoing Choice of Law should not be considered a waiver of any right conferred upon us or you by the General Business Law of the State of New York.

Add the following as the Franchisor's Representation:

WE REPRESENT THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC
NORTH DAKOTA DISCLOSURE DOCUMENT**

1. The Summary column of Item 17 paragraph (c) of the Disclosure Document is modified to read as follows:

“Give us at least 90 days notice of your intention to renew, sign our current form of franchise agreement and ancillary agreements, sign a release (except for matters coming under the North Dakota Franchise Investment Law (the “**ND Law**”).”

2. The Summary column of Item 17 paragraph (i) of the Disclosure Document is modified by adding the following:

“North Dakota franchisees are not required to consent to liquidated damages or termination penalties.”

3. The Summary column of Item 17 paragraph (r) of the Disclosure Document is modified by adding the following at the end of the sentence:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

4. The Summary column of Item 17 paragraph (v) of the Disclosure Document is amended to read as follows:

Except for matters coming under the ND Law, litigation must be in the Hillsborough County, State of Florida.

5. The Summary column of Item 17 paragraph (w) of the Disclosure Document is amended to read as follows:

Except for matters coming under the ND Law, the law of Florida (subject to state law).*

6. The Franchisee is not required to waive jury trial for any matters coming under ND Law.
7. The Franchisee is not required to waive exemplary and punitive damages for any matters coming under the ND Law.
8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC
RHODE ISLAND DISCLOSURE DOCUMENT

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC
SOUTH DAKOTA DISCLOSURE DOCUMENT**

1. The summary statement of provision (q) of Item 17, is deleted in its entirety and the following substituted in its place:

Covenants not to compete upon termination or expiration of a Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.

2. Any provision that provides that the parties' waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota Law. If any of the provisions in this Disclosure Document or the Franchise Agreement are inconsistent with this paragraph, the terms of this paragraph will prevail with regard to any franchise sold in South Dakota.

All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the Franchise Agreement, Medical Practice Management Addendum and the Area Development Addendum.

**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC
VIRGINIA DISCLOSURE DOCUMENT**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure document for Medi-Weightloss Franchising USA, LLC for use in the Commonwealth of Virginia shall be amended as follows:

The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**ADDENDUM TO THE MEDI-WEIGHTLOSS FRANCHISING USA, LLC
WASHINGTON DISCLOSURE DOCUMENT AND OTHER RELATED AGREEMENTS**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for

business. Because franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until franchisor has met all its pre-opening obligations under the Agreement and Franchisee is open for business with respect to each such location.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, _____.

MEDI-WEIGHTLOSS FRANCHISING,
USA, LLC

YOU

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT N TO THE DISCLOSURE DOCUMENT

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John Kaloust
Senior Vice President of Operations
509 South Hyde Park Avenue
Tampa, Florida 33606
(813)228-6360
www.mediweightlossclinics.com

Medi-Weightloss Franchising USA, LLC

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i Medi-Weightloss Clinics® gives no guaranties and/or warranties that the following System Standards comply with your State and Federal requirements. You are responsible for making sure that your franchise, at all times, complies with all applicable laws, rules and regulations. The drafter of this manual may not be licensed to practice medicine in your state. As always, patient care must ultimately rest in the hands of a licensed practitioner.
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Medi-Weightloss Clinics® gives no guaranties and/or warranties that the following System Standards comply with your State and Federal requirements. You are responsible for making sure that your franchise, at all times, complies with all applicable laws, rules and regulations. The drafter of this manual may not be licensed to practice medicine in your state. As always, patient care must ultimately rest in the hands of a licensed practitioner.
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This information has been provided for educational purposes only and is not an exhaustive examination of the subject matter. It is intended for your general knowledge and is not a substitute for legal advice, medical advice, or treatment for a specific medical condition. As an independent physician, you must use your judgement and consult with health care providers or attorneys to ensure all practices and procedures do not violate State rules, regulations, or other guidelines. We strongly adhere to the principal that all patient care must ultimately rest in the hands of a licensed practitioner.

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This information is for educational purposes only. It is not state specific and does not alleviate you of any obligations you may have under the law. It is not a substitute for legal or medical advice. As such, the information is not an exhaustive examination of the subject matter.

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Please refer to Advantage for the latest version of these guidelines.

EXHIBIT O TO THE DISCLOSURE DOCUMENT

FORM OF CONFIDENTIALITY AND NON-COMPETITION AGREEMENTS

**EXHIBIT “O-1” TO THE
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
FRANCHISE AGREEMENT
DATED _____, 20____
WITH**

(NAME OF FRANCHISE OWNER)



**NON-DISCLOSURE AGREEMENT
FOR MEDICAL ASSISTANTS & OFFICE STAFF
(Includes Administrative Assistants, File Clerks, Receptionists, etc.)**

THIS NON-DISCLOSURE/NON-SOLICITATION AGREEMENT (this “**Agreement**”) is effective as of _____ 20____, between the Medi-Weightloss® Business (the “**Business**”) located at (**Full Street Address**): _____ (“**we**,” “**us**,” “**our**” or “**Franchisee**”) and (**Staff Member Name Printed**) _____ (“**you**” or “**your**”), an (check one) employee or independent contractor of ours.

BACKGROUND INFORMATION:

We have entered into a Franchise Agreement (the “**Franchise Agreement**”) with MEDI-WEIGHTLOSS FRANCHISING USA, LLC, a Florida limited liability company (the “**Franchisor**”) to operate a Medi-Weightloss® Business. The Business specializes in offering and providing the Franchisor’s proprietary, designated or approved weight loss, nutritional weight management and wellness products and services, and other products and services the Franchisor may designate or approve from time to time (the “**Products and Services**”). The Products and Services form part of the Franchisor’s proprietary *medically-supervised* weight loss, wellness, nutritional and weight management program which is called the “**MEDI-WEIGHTLOSS® Program**” (collectively the “**System**”).

We possess or have access to certain confidential and proprietary information, consisting of the System and the know-how related to its use; plans, specifications, size and physical characteristics of Medi-Weightloss® Businesses; site selection criteria, land use and zoning techniques and criteria; methods in obtaining licensing and meeting regulatory requirements; sources and design of equipment, furniture, forms, materials and supplies; marketing, advertising and promotion programs for Medi-Weightloss® Businesses; staffing and delivery methods and techniques for services; the selection, testing and training of Managers/Medical Directors and other employees for Medi-Weightloss® Businesses; the recruitment, qualification and investigation methods to secure employment for employment candidates; certain computer Software made available or recommended for Medi-Weightloss® Businesses; methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of Medi-Weightloss® Businesses; knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment; recipes, formulas, preparation methods and techniques for the Products and Services; knowledge of operating results and financial performance of Medi-Weightloss® Businesses and the Business; customer information; and other confidential and proprietary information, certain of which the Franchisor licenses to us or which are developed by us under the Franchise Agreement but are owned by the Franchisor (the “**Confidential Information**”).

You understand that the System and Confidential Information are the Franchisor’s proprietary, trade secrets and are confidential. You acknowledge that we and the Franchisor have provided you with specialized and extensive training regarding the Business and that we have developed extensive customer goodwill. We have an obligation under our Franchise Agreement to maintain the Confidential Information as secret and confidential. You represent to us and the Franchisor that you have other skills that you can utilize if, for any reason, your relationship with us ends.

OPERATIVE TERMS:

Accordingly, you and we agree as follows:

1. **Confidentiality.**

A. During the term of this Agreement and for a period of 2 years following its termination or expiration for any reason, you (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement and your employment by, or association with us; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; (d) will comply with all procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) will upon termination of employment immediately return any and all Confidential Information provided to you by us or the Franchisor.

B. The same restrictions above will apply forever to our trade secrets.

2. **Non-Solicitation.** You will also not, during the term of this Agreement or during the 2 years following its termination or expiration, for any reason, on behalf of yourself or any other person, or in any capacity associated with any other person or entity, solicit, divert, take away, or interfere with any of the business, patients, customers, referral sources, clients, vendors, suppliers, franchisees or contractors of ours or the Franchisor, our or its affiliates or any of its franchisees or as such may exist during the term of this Agreement or after its termination or expiration.

3. **Severability and Substitution.** To the extent that any portion of this Agreement is deemed unenforceable by virtue of its scope, area, activity, or duration, but may be made enforceable by modifying any or all thereof; this Agreement will be enforced to the fullest extent permissible under the laws or public policies of the jurisdiction in which enforcement is sought, and such modified provision will be enforced to the fullest extent.

4. **Extension of Time Period.** The time period during which you are to refrain from any of the activities listed in this Agreement will be automatically extended by any length of time during which you or any of your affiliates, successors or assigns are in breach of any provision of this Agreement. This Agreement will continue through the duration of the extended time periods.

5. **Suspension of Compensation.** We will not be required to pay any other compensation to you during any period of time in which you are in breach of this Agreement. Upon such breach, you forfeit payment of such amounts without limitation on any other remedies available to us for redress.

6. **No Defense or Setoff.** You must not assert, by way of defense or setoff, any alleged breach or damage caused by you if we must enforce this Agreement against you.

7. **Injunctive Relief.** You and we agree that the breach of this Agreement will result in irreparable harm to us and/or the Franchisor, and that no monetary award can fully compensate us and/or the Franchisor if you violate it. Thus, if you breach this Agreement, you agree that we will be entitled to an injunction restraining you from any further breach. Such injunctive relief may be obtained without bond, but upon due notice, in addition to such other and further remedies or relief as may be available to us or the Franchisor at equity or law.

8. **Relationship.** This Agreement governs only certain aspects of your relationship with us. The terms and conditions of your employment or provision of services for us remain the same as they have been prior to the date of this Agreement, or as established afterwards. By entering into this Agreement, neither you nor we are committing to employ or engage the other, or to work for the other for any period of time or under any new or different terms and conditions. If you are an employee, this Agreement does not change your status as “at will.”

9. **Miscellaneous.**

(a) **Complete Agreement:** This Agreement contains the complete agreement between the parties concerning this subject matter. This Agreement supersedes any prior or contemporaneous agreement, representation or understanding, oral or written, between them related to the matters addressed in this Agreement. The continued relationship between the parties described in this Agreement constitutes full and sufficient consideration for the binding commitment of the parties to this Agreement.

(b) **Waiver and Amendment:** A waiver or amendment of this Agreement, or any provision of it, will be valid and effective only if it is in writing and signed by all parties or the party waiving such provision. No waiver of any term of this Agreement will operate as a waiver of any other term of this Agreement or of that same term at any other time.

(c) **Rights Cumulative:** No right or remedy available to any party is exclusive of any other remedy. Each and every remedy will be cumulative to any other remedy given under this Agreement, or otherwise legally existing upon the occurrence of a breach of this Agreement.

(d) **Our and Franchisor's Access to Communications:** You agree that we and Franchisor may access, view and copy and that you have no right to prevent us or Franchisor from accessing, viewing or copying any and all e-mails, voice mails, text messages, voice mails or any other form of communication you send, store or receive via any computer, text, blackberry, SIMS, phone, internet telephony, or similar technology or device that we or Franchisor provide, or authorize you to use, or which you use to transmit, store, receive or send any communication which relates to the Business, us, Franchisor, or your breach of your obligations to us or Franchisor. In connection with such communications, you acknowledge and agree that you have no right of privacy whatsoever. Upon request, you must provide us and Franchisor any passwords or information, or consents needed to access that information.

10. **Certain Definitions.** As used throughout this Agreement, the following terms have the following meanings:

(a) The term “**person**” means any corporation, professional corporation or association, partnership (limited or general), joint venture, trust, association or other entity or enterprise or any natural person.

(b) The term “**affiliate**” means, with respect to any person, any other person that directly, indirectly, or through one or more intermediaries, controls, is controlled by or is under common control with, such person, and includes any subsidiaries or other entities that are beneficially owned by such person or its affiliates.

(c) The term “**attorney's fees**” means any and all charges levied by an attorney for his services, including time charges, expenses and other reasonable fees including paralegal fees and legal assistant fees, and includes fees earned in settlement, at trial, on appeal or in bankruptcy proceedings.

11. **Attorneys' Fees:** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Agreement, the prevailing party will be entitled to full reimbursement of its litigation expenses from the other party. Litigation expenses include attorneys' fees, costs, expert witness fees and other related expenses including paralegal fees, travel and lodging expenses and court and arbitration filing costs. Reimbursement is due within 30 days of written notice after determination.

12. **Governing Law.** This Agreement is governed by the laws of the state where the Business is located.

13. **Third Party Beneficiary.** You and we agree that MEDI-WEIGHTLOSS FRANCHISING USA, LLC, and its affiliated companies, is an intended third party beneficiary of our rights under this Agreement and has, by the execution of this Agreement by you and us, the right to take any and all legal action and file suit to enforce our and their rights under this Agreement. As a third party beneficiary, MEDI-WEIGHTLOSS FRANCHISING USA, LLC, and its affiliated companies, may take any legal action as if it were us. You waive any and all defenses

or objections to MEDI-WEIGHTLOSS FRANCHISING USA, LLC, and its affiliated companies, enforcing our rights under this Agreement.

Except to the extent this agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) or other federal law, should MEDI-WEIGHTLOSS FRANCHISING USA, LLC, and/or its affiliated companies, be required to enforce the provisions of this Agreement, or suffer damages by breach of this Agreement, resulting in litigation or otherwise, you and we consent and irrevocably submit to the jurisdiction and venue of any state or federal court of competent jurisdiction located in Hillsborough County, Florida, and you waive any objection to the jurisdiction and venue of such courts.

14. **Survival.** The provisions of this Agreement survive any termination of the Franchise Agreement or the relationship between you and us.

15. **Background Information.** The above-written Background Information is true and correct and is incorporated into this Agreement. This Agreement will be interpreted with reference to the Background Information.

Intending to be bound, the parties sign below:

“FRANCHISEE”:

By: _____

Name Printed: _____

Title: _____

Date: _____

“YOU”:

Signature: _____

Name Printed: _____

Title: _____

Date: _____

**EXHIBIT “O-2” TO THE
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
FRANCHISE AGREEMENT
DATED _____, 20____
WITH**

(NAME OF FRANCHISE OWNER)



**CONFIDENTIALITY/NON-SOLICITATION/
NON-COMPETITION AGREEMENT
FOR PROFESSIONAL STAFF**

(Physicians/ Nurse Practitioners/Physician Assistants/ Nurses;
Counselors; Dietitians; Office Managers, etc.)

THIS CONFIDENTIALITY/NON-SOLICITATION/ NON-COMPETITION

AGREEMENT (this “**Agreement**”) is effective as of _____ 20____, between the Medi-Weightloss® Business (the “**Business**”) located at (**Full Street Address**):

 (“we,” “us,” “our” or “**Franchisee**”) and (**Staff Member Name Printed**): _____
 (“**you**” or “**your**”), an employee or independent contractor of ours.

BACKGROUND INFORMATION:

We have entered into a Franchise Agreement (the “**Franchise Agreement**”) with MEDI-WEIGHTLOSS FRANCHISING USA, LLC, a Florida limited liability company (the “**Franchisor**”) to operate a Medi-Weightloss® Business. The Business specializes in offering and providing the Franchisor’s proprietary, designated or approved weight loss, nutritional weight management and wellness products and services, and other products and services the Franchisor may designate or approve from time to time (the “**Products and Services**”). The Products and Services form part of the Franchisor’s proprietary *medically-supervised* weight loss, wellness, nutritional and weight management program which is called the “**MEDI-WEIGHTLOSS® Program**.” (collectively, the “**System**”)

We possess or have access to certain confidential and proprietary information, consisting of the System and the know-how related to its use; plans, specifications, size and physical characteristics of Medi-Weightloss® Businesses; site selection criteria, land use and zoning techniques and criteria; methods in obtaining licensing and meeting regulatory requirements; sources and design of equipment, furniture, forms, materials and supplies; marketing, advertising and promotion programs for Medi-Weightloss® Businesses; staffing and delivery methods and techniques for services; the selection, testing and training of Managers/Medical Directors and other employees for Medi-Weightloss® Businesses; the recruitment, qualification and investigation methods to secure employment for employment candidates; certain computer Software made available or recommended for Medi-Weightloss® Businesses; methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of Medi-Weightloss® Businesses; knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment; recipes, formulas, preparation methods and techniques for the Products and Services; knowledge of operating results and financial performance of Medi-Weightloss® Businesses and the Business; customer information; and other confidential and proprietary information, certain of which the Franchisor licenses to us or which are developed by us under the Franchise Agreement but are owned by the Franchisor (the “**Confidential Information**”).

You understand that the System and Confidential Information are the Franchisor's proprietary, trade secrets and are confidential. You acknowledge that we and the Franchisor have provided you with specialized and extensive training regarding the Business and that we have developed extensive customer goodwill. We have an obligation under our Franchise Agreement to maintain the Confidential Information as secret and confidential. You represent to us and the Franchisor that you have other skills that you can utilize if, for any reason, your relationship with us ends.

OPERATIVE TERMS:

Accordingly, you and we agree as follows:

1. **Confidentiality.**

(a) During the term of this Agreement and for a period of 2 years following its expiration or termination for any reason, you will (a) not use the Confidential Information in any other business or capacity; (b) maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement and your employment by, or association with us; (c) not make unauthorized copies of any portion of the Confidential Information disclosed in written form; (d) comply with all procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) upon termination of employment immediately return any and all Confidential Information provided to you by us or the Franchisor. You will also keep confidential and the same restrictions above will apply forever to any of our trade secrets.

(b) The same restrictions above will apply forever to our trade secrets.

2. **Non-Solicitation.** During the term of this Agreement and for a period of 2 years following its expiration or termination for any reason, you will not, on behalf of yourself or any other person, or in any capacity associated with any other person or entity, solicit, divert, take away, or interfere with any of the business, patients, customers, referral sources, clients, vendors, suppliers, franchisees or contractors of ours or the Franchisor, our or its affiliates or any of its franchisees or as such may exist during the term of this Agreement or after its termination or expiration.

3. **Competitive Restrictions.** During the time that you are associated with us, as an employee or independent contractor and for 2 years afterwards (if this Agreement is terminated or expires for any reason), unless we and the Franchisor otherwise permit in writing and except on our behalf, neither you nor any of your owners (if any) will:

(a) have any direct or indirect interest (*e.g.*, through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any Competitive Business operating:

(i) at the Site or within the Designated Area of the Medi-Weightloss® Business;

(ii) within 25 mile radius from the Site or the Medi-Weightloss® Business' Designated Area; or

(iii) within 25 miles of any other Medi-Weightloss® Business or its, or your, Designated Area in operation or under construction on the later of the effective date of the termination or expiration of your employment or the date on which you comply with such restrictions (see Section 5 below); or

(b) on behalf of yourself or any other person, or in any capacity associated with any other person or entity, solicit, divert, take away, or interfere with any of the business, customers, referral sources, clients, vendors, suppliers, franchisees or contractors of ours or the Franchisor, our or its affiliates or any of its franchisees or as such may exist during the term of this Agreement or thereafter.

For clarification, twenty-five (25) miles from the Site or Designated Area (any point) means a 25-mile straight-line radius from that point (e.g., as the “crow flies”). If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of a court if necessary, enforcing this provision.

4. **Competitive Business.** The term “**Competitive Business**” as used in this Agreement means any business (other than a Medi-Weightloss® Business operated under a franchise agreement with us) or facility owning, operating or managing, or granting franchises or licenses to others to do so, any clinic or other business or facility that offers physician monitored or medically supervised weight loss, weight management, nutritional or health products and services, or any other products or services that are the same or similar to the Products and Services offered by Medi-Weightloss® Businesses. For clarification purposes, any business offering non-medically supervised weight loss or weight management products and services shall be exempted from the definition of “Competitive Business.” medically-supervised weight loss businesses are any businesses that require a medical professional (physician, nurse practitioner, physician assistant) to oversee treatment, including but not limited to reviewing medical charts, conducting examinations, and/or prescribing medication or administering injections.

5. **Severability and Substitution.** You acknowledge and agree that these competitive restrictions will not unreasonably deprive you of your ability to earn a living or engage other business activities. You and we agree that: (a) the time period, geographic area, and scope of the competitive restrictions contained in this Agreement are reasonably necessary to protect our localized efforts and the Franchisor’s efforts to develop Medi-Weightloss® Businesses throughout the United States; and (b) to the extent that any portion of this Agreement is deemed unenforceable by virtue of its scope, area, activity, or duration, but may be made enforceable by modifying any or all thereof; this Agreement will be enforced to the fullest extent permissible under the laws or public policies of the jurisdiction in which enforcement is sought, and such modified provision will be enforced to the fullest extent.

6. **Extension of Time Period.** The time period during which you are to refrain from any of the activities listed in this Agreement will be automatically extended by any length of time during which you or any of your affiliates, successors or assigns are in breach of any provision of this Agreement. This Agreement will continue through the duration of the extended time periods.

7. **Suspension of Compensation.** We will not be required to pay any other compensation to you during any period of time in which you are in breach of this Agreement. Upon such breach, you forfeit payment of such amounts without limitation on any other remedies available to us for redress.

8. **No Defense or Setoff.** You must not assert, by way of defense or setoff, any alleged breach or damage caused by you if we must enforce this Agreement against you.

9. **Injunctive Relief.** You and we agree that the breach of this Agreement will result in irreparable harm to us and/or the Franchisor, and that no monetary award can fully compensate us and/or the Franchisor if you violate it. Thus, if you breach this Agreement, you agree that we will be entitled to an injunction restraining you from any further breach. Such injunctive relief may be obtained without bond, but upon due notice, in addition to such other and further remedies or relief as may be available to us or the Franchisor at equity or law.

10. **Relationship.** This Agreement governs only certain aspects of your relationship with us. The terms and conditions of your employment or provision of services for us remain the same as they have been prior to the date of this Agreement, or as established afterwards. By entering into this Agreement, neither you nor we are committing to employ or engage the other, or to work for the other for any period of time or under any new or different terms and conditions. If you are an employee, this Agreement does not change your status as “at will.”

11. **Miscellaneous.**

(a) **Complete Agreement:** This Agreement contains the complete agreement between the parties concerning this subject matter. This Agreement supersedes any prior or contemporaneous agreement, representation or understanding, oral or written, between them related to the matters addressed in this Agreement. The continued relationship between the parties described in this Agreement constitutes full and sufficient consideration for the binding commitment of the parties to this Agreement.

(b) **Waiver and Amendment:** A waiver or amendment of this Agreement, or any provision of it, will be valid and effective only if it is in writing and signed by all parties or the party waiving such provision. No waiver of any term of this Agreement will operate as a waiver of any other term of this Agreement or of that same term at any other time.

(c) **Rights Cumulative:** No right or remedy available to any party is exclusive of any other remedy. Each and every remedy will be cumulative to any other remedy given under this Agreement, or otherwise legally existing upon the occurrence of a breach of this Agreement.

(d) **Our and Franchisor’s Access to Communications:** You agree that we and Franchisor may access, view and copy and that you have no right to prevent us or Franchisor from accessing, viewing or copying any and all e-mails, voice mails, text messages, voice mails or any other form of communication you send, store or receive via any computer, text, blackberry, SIMS, phone, internet telephony, or similar technology or device that we or Franchisor provide, or authorize you to use, or which you use to transmit, store, receive or send any communication which relates to the Business, us, Franchisor, or your breach of your obligations to us or Franchisor. In connection with such communications, you acknowledge and agree that you have no right of privacy whatsoever. Upon request, you must provide us and Franchisor any passwords or information, or consents needed to access that information.

12. **Certain Definitions.** As used throughout this Agreement, the following terms have the following meanings:

(a) The term “**person**” means any corporation, professional corporation or association, partnership (limited or general), joint venture, trust, association or other entity or enterprise or any natural person.

(b) The term “**affiliate**” means, with respect to any person, any other person that directly, indirectly, or through one or more intermediaries, controls, is controlled by or is under common control with, such person, and includes any subsidiaries or other entities that are beneficially owned by such person or its affiliates.

(c) The term “**attorney’s fees**” means any and all charges levied by an attorney for his services, including time charges, expenses and other reasonable fees including paralegal fees and legal assistant fees, and includes fees earned in settlement, at trial, on appeal or in bankruptcy proceedings.

13. **Attorneys' Fees:** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Agreement, the prevailing party will be entitled to full reimbursement of its litigation expenses from the other party. Litigation expenses include attorneys' fees, costs, expert witness fees and other related expenses including paralegal fees, travel and lodging expenses and court and arbitration filing costs. Reimbursement is due within 30 days of written notice after determination.

14. **Governing Law.** This Agreement is governed by the laws of the state where the Business is located.

15. **Third Party Beneficiary.** You and we agree that MEDI-WEIGHTLOSS FRANCHISING USA, LLC, and its affiliated companies, is an intended third party beneficiary of our rights under this Agreement and has, by the execution of this Agreement by you and us, the right to take any and all legal action and file suit to enforce our and their rights under this Agreement. As a third party beneficiary, MEDI-WEIGHTLOSS FRANCHISING USA, LLC, and its affiliated companies, may take any legal action as if it were us. You waive any and all defenses or objections to MEDI-WEIGHTLOSS FRANCHISING USA, LLC, and its affiliated companies, enforcing our rights under this Agreement.

Except to the extent this agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) or other federal law, should MEDI-WEIGHTLOSS FRANCHISING USA, LLC, and/or its affiliated companies, be required to enforce the provisions of this Agreement, or suffer damages by breach of this Agreement, resulting in litigation or otherwise, you and we consent and irrevocably submit to the jurisdiction and venue of any state or federal court of competent jurisdiction located in Hillsborough County, Florida, and you waive any objection to the jurisdiction and venue of such courts.

16. **Survival.** The provisions of this Agreement survive any termination of the Franchise Agreement or the relationship between you and us.

17. **Background Information.** The above-written background information is true and correct and is incorporated into this Agreement. This Agreement will be interpreted with reference to the background information.

Intending to be bound, the parties sign below:

“FRANCHISEE”:

“YOU”:

By: _____

Signature: _____

Name Printed: _____

Name Printed: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT P TO THE DISCLOSURE DOCUMENT

OPTIONAL MARKETING SERVICES AGREEMENT

1. Marketing Services

Medi-Weightloss Franchising USA, LLC and affiliates (collectively, “**Medi**”) offers the following Optional Marketing Services for participating franchisees and/or licensees (the “**Advertiser**”): Standard Marketing Services, Tracking Services, Targeted Direct Mailing Lists, and Template and Automation Services,. For the standard advertising services, Medi shall provide the distribution of advertising content for Advertiser through Pay Per Click (PPC) advertising. The ads will be distributed via online advertising and for the period of time and agreed budget set forth by the Insertion Order (IO). Tracking Services shall refer to a service whereby Medi enables Advertisers to obtain Tracking Information regarding advertising purchased through third parties via phone leads. Targeted Direct Mailing lists shall refer to the purchase of a patient demographic specific list narrowed to a specified area surrounding the location. Template and Automation Services refer to a service where Medi or its vendor provides Advertisers access to a portal that allows for on-demand local customization to marketing templates and/or automated marketing campaigns.

As part of the Optional Marketing Services, Advertisers will be provided with certain data and reports concerning the performance of the ads and the Advertisers campaign- this will be more defined in the *Tracking Information* section.

2. Standard Marketing Services

For Standard Marketing Services Medi shall determine which online advertising mediums to run the campaign and its ads. Advertiser acknowledges that due to changing fees from online publishers (including but not limited to Google, Yahoo, Facebook, and Microsoft) an Advertisers campaign can change at any time without notice. An Advertiser must acknowledge that Medi does not operate or control the publisher’s media or advertisement selections. Medi makes no guarantee about when or where the Advertisers ads will be shown by a publisher. While Medi will use geographic targeting to make sure ads are seen in relevant geographical locations, Medi cannot guarantee that the ads will only be displayed in these target locales. In some instances ads can be displayed by the Publisher in areas outside of the targeted location.

3. Tracking Information

Tracking will consist of both web leads generated (i.e. online submission forms) and phone calls. Web leads refer to tracking for a specific event on the Advertisers web page, such as “Request Information” submissions and “Schedule an Appointment” submissions. Phone number tracking refers to tracking by Medi of phone calls received by Advertiser, which is accomplished by Medi, or its third party provider, providing tracking phone number(s) (each, a “**Tracking Number**”) that will be dynamically displayed on the Destination Page in lieu of the Advertiser’s phone number(s) and that will forward to the Advertiser’s phone number(s). Advertiser acknowledges that it does not own and will not own or obtain any ownership interest in the Tracking Numbers as a result of this Agreement.

Tracking Services refers to any or all of Destination Page Tracking, Offer Page Tracking, Web Event Tracking or Phone Number Tracking. For the Marketing Services, Medi shall provide such of the Tracking Services, as it deems appropriate, in its sole discretion, to enable Advertisers to assess the performance of any Campaign. For the Standalone Tracking Services, Medi shall provide any of the three options, as set forth on the IO: Web Tracking, which shall include Offer Page Tracking and Destination Page Tracking; Phone Tracking; or Web and Phone Tracking which shall include both.

Advertiser acknowledges that Medi is not obligated to keep and maintain any data obtained as the result of the Tracking Services for more than thirty (30) days after the collection of any such data, including Call Recordings.

4. Special Terms for Call Tracking

Provisioning Tracking Phone Numbers- Advertiser acknowledges that, for local Advertiser phone numbers, Medi will first try to provision a local Tracking Phone Number, but, in the event such a local Tracking Phone Number is not available, Advertiser hereby gives Medi permission to provision a toll free Tracking Phone Number instead.

- a. **Advertiser's Options.** At Advertiser's option, as reflected on the IO, Phone Number Tracking, may include Call Recording and Caller ID (collectively the "**Call Tracking Features**"). Call Recording is a service whereby a recording is made of inbound phone calls attributable to the Campaign and Caller ID is a service whereby the phone number of the caller is used to lookup their name and address. By electing the Call Tracking Features, Advertiser is representing and warranting that it has all necessary rights to implement such tracking features. Advertiser acknowledges that Medi disclaims any and all liability that may arise as the result of the implementation of Call Recording.
- b. **Call Recording Specifics.** In connection with Call Recording, Advertiser understands that an initial recording shall be played to consumers at the outset of calls to the Advertiser, who shall, among other things, notify the consumer that the call is being recorded. In addition, Advertiser will advise its employees that its calls may be recorded. *Advertiser understands and agrees that any attempts to disrupt or prevent the playing of the recording or its failure to advise its employees of the recording may expose the Advertiser to substantial liability. Additionally, Advertiser acknowledges that calls and recordings may include Protected Health Information, which may be subject to the federal regulations issued pursuant to the Health Insurance Portability and Accountability Act ("HIPAA") and that this information is covered by the Business Associate Agreement and all requirements and responsibilities contained therein.*
- c. **Call Review:** For purposes of quality assurance, Campaign assessment and all other lawful purposes, Medi may access and review all Call Recordings.
- d. **Limitations.** Unless otherwise agreed to by Medi in writing, call minute usage shall be limited to sixty (60) minutes of call time per Tracking Number for each Campaign Period. Usage in excess of such limit shall be subject to Medi's Overage Fees.
- e. **Call Blocking.** MEDI-WEIGHTLOSS® may, in its sole discretion, choose to block third party phone numbers from being able to call the Tracking Phone Numbers.

5. Targeted Direct Mail Option.

For the Targeted Direct Mailing Option, Advertiser will purchase a demographic specific mailing list from Medi. Medi has complete discretion to choose an appropriate vendor through which to supply the list to Advertiser. Upon receiving the mailing list, Advertiser will work with an independent vendor to produce the Direct Mail Campaign. All Advertisers are required to have a Tracking Phone Number to participate in the Direct Mail Option.

6. Template and Marketing Automation Option

For the Template and Marketing Automation Option, Advertiser will purchase from Medi an annual access fee, as determined by Medi (\$0 to \$500 per year). This fee will give Advertiser unlimited access to customized templates located in the vendor's portal. Optional Marketing Automation services available inside of the portal may include additional fees, paid directly to the vendor. These fees may include printing, shipping, email credits, and postage. Medi has complete discretion to choose an appropriate vendor through which to supply on-demand template and automation services to Advertiser.

6. Campaign Logistics/Duration

- a. **For Standard Marketing Services:** Upon the signing of an IO by an Advertiser and acceptance thereof by Medi, Medi will set up the PPC Campaign. The length of the campaign (the "Campaign Term") will run from the target start date to either the target end date set forth by the IO, with adjustments to dates as is herein provided, or if the IO indicates that it is set up for unlimited auto-renewal, until cancelled by the parties. Advertisers acknowledge that Medi may take up to 10 business days to review the campaign and may require additional input from the Advertiser. Therefore, Medi may take additional time to start distribution of ads within the campaign. This can increase the time of the actual start date, making it later than the target start date.

Advertisers acknowledge that Medi shall have no liability, and Advertiser shall not be entitled to terminate this agreement or seek a refund as a result of any such delays. The target end date specified in the IO is an estimate of when the campaign will end. The target end date will be adjusted by the number of days, if any, that the actual start date is later than the target start date. In addition to the advertising services, Advertiser acknowledges that it may take more or less time to exhaust the campaign budget, due to, among other things, scheduling and inventory constraints of the publishers. The actual end date for advertising services will be the day when no less than 98% of the campaign budget has been exhausted. The campaign term consists of campaign periods (as further defined below). For advertising services, a campaign period is the period of time from Medi commencement of spending monthly budget (as described below) until such time as no less than 98% of the monthly budget has been spent.

- b. **For Standalone Tracking Services:** The campaign period is each thirty (30) day period in which the services are provided during the campaign term.
- c. **For Targeted Direct Mail Option:** A mailing list is provided on a one-time basis and shall remain valid for up to 6 months.

7. Fees

For Standard Marketing Services and Standalone Tracking Services, Advertiser agrees to pay, in accordance with Section 8, the following fees, in the amounts set forth in the IO:

Pay Per Click Budget refers to the contractually committed amount the Advertiser agrees to spend, for standard advertising services, which is, as set forth in the IO, broken up into per month allocations. For purpose of this agreement, the full amount of the Pay Per Click Budget shall be fully earned by Medi so long as no less than 98% of the campaign budget is spent. Advertiser acknowledges that all statistics provided by Medi evidencing such expenditure shall be conclusive and binding on the Advertiser for all purposes of this agreement.

Tracking fees refer to fees charged by Medi for managing and tracking campaigns. The campaign management and tracking fees will be charged for each campaign period. Medi reserves the right to change the campaign management and tracking fees at any time, provided that such changes will not take effect until a new IO has been executed and delivered to Medi by the Advertiser.

Campaign set-up fees refer to a onetime fee for the set-up of the campaign. Advertiser is not entitled to any credits, discounts, rebates, or refunds provided to Medi by Publishers. Moreover, if Medi, in its sole discretion, passes on any such credits, discounts, rebates, refunds, it shall be under no obligation to do so in the future.

For Targeted Direct Mailing lists Advertiser is charged a flat fee per name ordered, which is determined by the vendor Medi purchases the list through. There is a minimum purchase requirement of 1,000 names ordered.

8. Payment Terms

For Targeted Direct Mailing Lists, Advertiser shall pay in advance of receiving the list the total fee listed in the IO.

For Standard Marketing Services and Standalone Marketing Services, prior to the initial campaign period, Advertiser shall pay the Pay Per Click Budget (if any), campaign management and campaign tracking fees for the initial campaign period and the campaign set-up fees (the “**Monthly Total**”). Payment will be made by charging the Advertiser's credit card for the full amount of the Monthly Total. Thereafter, the Campaign Period will auto-renew monthly unless terminated as provided herein. In advance of each subsequent Campaign Period, unless Medi has agreed to invoice Advertiser, the Advertiser shall pay the Pay Per Click Budget (if any) and Campaign Management/Tracking Fees.

Advertiser acknowledges that Medi can pause any campaign during any campaign period for which the Advertiser has not paid, in advance, the Monthly Total. In the event of overage fees, Medi-Weightloss® Businesses shall have the right to charge Advertiser's credit card at the conclusion of each campaign period. Any amounts not paid when due shall bear interest at the rate of 1.5% per month (or the highest rate permitted by law, if less). Advertiser agrees to pay all costs of collection (including attorneys fees and all other legal expenses) incurred by Medi in connection with its enforcement of its rights under the Agreement.

Once an IO has been accepted by Medi, unless Advertiser has terminated the Agreement pursuant to Section 9, Advertiser will be responsible for payment in full of all fees set forth therein, except as may otherwise be provided in Section 9 hereof. If the Advertiser, without the consent of Medi, cancels an IO for any reason (other than as the result of a material breach by Medi), all fees for the remainder of the scheduled Campaign shall be immediately due and payable, and all pre-paid fees shall be forfeited. All payments due hereunder are in U.S. dollars and are exclusive of any sales, use or similar applicable taxes. Advertiser shall promptly pay all such taxes and any associated interest and penalties.

9. Agreement Effective Date/Termination. The effective date of the Agreement is the day that an IO is accepted by Medi. The Agreement will immediately terminate on the Actual End Date specified, unless the IO indicates the term of the Agreement is for Unlimited Auto Renewal Periods. In this case, simultaneous with the End Date, the Agreement will automatically renew for consecutive Campaign Periods until terminated by the parties. An Agreement may be terminated in advance of the Actual End Date or in the case of Unlimited Auto Renewal as follows:

- a. **Termination by Medi.** Medi may terminate this Agreement and any Campaign without notice and without cause at any time and for any reason.
- b. **Termination by Advertiser with Cause.** If Advertiser is in compliance with this Agreement and Medi has materially failed to comply with this Agreement and does not correct or commence correction of such failure within thirty (15) days of receiving written notice of such material failure, Advertiser may terminate this Agreement effective thirty (30) days after receipt of written notice of termination or at the Actual End Date, whichever is earlier.

10. Disclaimer of Warranties. Medi provides all services performed hereunder on an “AS IS” and “AS AVAILABLE” basis, without any warranty of any kind and without any guarantee of uninterrupted display or distribution of any advertisement. In the event of interruption of display or distribution of any advertisement, Medi’s sole obligation will be to restore service as soon as practicable. Medi disclaims all warranties of any kind, whether express or implied, including but not limited to the implied warranty of merchantability or fitness for a particular purpose and implied warranties arising from course of dealing or course of performance. Without limiting the generality of the foregoing, Medi makes no guarantees with respect to the performance or placement of any advertisement.

11. Limitations of Liability. To the maximum extent permitted by applicable law, Medi disclaims liability for any special, indirect, incidental or consequential damages, including, without limitation, for breach of contract or warranty, negligence, or strict liability, or for interrupted communications, loss of use, lost business, lost data or lost profits (even if Medi was advised of the possibility of any of the foregoing), arising out of or in connection with this Agreement.

- a. Under no circumstances shall Medi be liable to advertiser or any third parties for an amount greater than the amounts received hereunder. In lieu of refund, Medi shall be permitted to provide replacement advertising to make good any purported loss or liability, provided such replacement advertising is provided within a reasonable period of time after the liability has accrued.
- b. Advertiser agrees that, regardless of any statute or law to the contrary, any claim or cause of action arising out of or related to Agreement must be filed within one year after such claim or cause of action arose or be forever barred; provided that this section shall not in any way limit the time in which claims for infringement or misappropriation of intellectual property rights may be brought.
- c. Without limiting the foregoing, Medi shall no liability for any failure or delay resulting from any governmental action, fire, flood, insurrection, earthquake, power failure, riot, explosion, embargo, strikes whether legal or illegal, labor or material shortage, transportation interruption of any kind, work slowdown or any other condition affecting production or delivery in any manner beyond the control of Medi. Advertiser acknowledges that Medi has entered into this Agreement in reliance upon the limitations of liability set forth herein and that the same is an essential basis of the bargain between the parties.

12. Governing Law. This Agreement will be construed in accord with any dispute or controversy arising from any breach or asserted breach of this Agreement will be governed by the laws of the State of Florida. Each party hereby irrevocably consents to the jurisdiction and venue of the state and federal courts located in Hillsborough County, Florida in connection with any claim, action, suit, or proceeding relating to this Agreement.

13. Entire Agreement. This Agreement is intended to be an addendum to the Franchise Agreement and related documents. This Agreement sets forth all of the agreements between the parties relating to the subject matter hereof. Any previous agreements or understandings (whether written or oral) between the parties regarding the subject matter hereof are merged into and superseded by this Agreement. All other terms of the Franchise Agreement are not affected and remain binding on the parties.

14. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

15. Modification or Waiver of Agreement. No modification or waiver of any provision of this Agreement will be valid unless the modification or waiver is in writing signed by both of the parties. The failure of either party at any time to insist upon the strict performance of any provision of this Agreement will not be construed as a waiver of the right to insist upon the strict performance of the same provision at any future time.

16. Survival. The termination of this Agreement will not release or discharge either party from any obligation, debt or liability which will have previously accrued and remains to be performed by such party upon the date of termination, or which, by its terms, is to be performed after the date of termination.

Medi-Weightloss® Insertion Order
 CLINIC:
 Please fax this completed form to 813-228-6763



MAIN CONTACT INFORMATION	
Advertiser Name:	Contact:
Advertiser URL:	Phone:
Address:	Fax:
City:	Email:
State:	
Zip/Postal:	

1. ORDER SUMMARY FOR PAY PER CLICK AND TRACKING

Target Start Date:			
PRODUCT / SERVICE	Initial Campaign Period	SPEND / MO.	TOTAL
Pay Per Click Budget			
Tracking Fee <input type="checkbox"/> Web <input type="checkbox"/> Phone <input type="checkbox"/> Both			
Campaign Set-Up			
TOTAL			

2. ORDER SUMMARY FOR TARGETED DIRECT MAILING LIST

	Total Number of Names	Price Per Name	Total
Targeted Direct Mail List			

3. ACKNOWLEDGEMENTS: By signing below, Advertiser acknowledges that:

- Advertiser has read and agrees that its relationship with Medi-Weightloss® is governed by and subject to the Medi-Weightloss® Optional Marketing Services Agreement ("Services Agreement").
- For Call Tracking Services- Advertiser acknowledges and agrees that it has elected to implement call recording as more fully described in and governed by the Services Agreement. In so agreeing, Advertiser acknowledges that calls to Advertiser as the result of the campaign may be recorded.
- Advertiser acknowledges and agrees that it will comply with the privacy obligations set forth in the Services Agreement.
- Advertiser understands that payment in full is required for the first month's campaign media, campaign management/tracking fees, and any and all set-up fees before the campaign will be scheduled to go live. As provided in the Services Agreement, Advertiser shall pay in advance the fees for each subsequent month. The Campaign will auto-renew monthly until terminated as provided in the Services Agreement.
- Advertiser agrees that, except as permitted in the Services Agreement, if Advertiser cancels all or any part of the campaign contemplated by this Insertion Order during the initial Campaign Period, the full amount due under this Insertion Order will be immediately due and payable, and if paying by credit card, Advertiser's credit card will be charged such amount, unless this Insertion Order has been pre-paid in full, in which case Advertiser will forfeit any unused portion of the pre-payment.
- Advertiser acknowledges and agrees that if the phone numbers governed by this agreement for call tracking purposes are being used in conjunction with an advertising co-operative, all tracking reports generated as a result of the Services Agreement will be released to all members of the co-operative.

4. AUTHORIZATION (SIGN BELOW)

Advertising Franchise Representative: _____ Date: _____
 Medi-Weightloss® (Marketing): _____ Date: _____
 Medi-Weightloss® (Operations): _____ Date: _____

EXHIBIT Q TO THE DISCLOSURE DOCUMENT

OPTIONAL E-SIGNATURE SERVICE AGREEMENT

1. E-Signature Service

Medi-Weightloss Franchising USA, LLC and affiliates (collectively Medi) offer Optional E-Signature Services (the Service) for participating franchisees and/or licensees. This service is governed by the terms and conditions herein. By accessing or using the Service, you signify that you have read and agree to be bound by this Terms of Use Agreement (the Agreement).

We reserve the right to amend these terms at any time and for any reason by notifying you as provided herein; however, no notice shall be required for nonsubstantive changes to this Agreement. If we substantively change the terms, we will give you seven (7) days notice before the changes take effect during which time you may reject the changes by terminating your account. Your continued use of the Service after the changes become effective constitutes acceptance of the new Terms of Use. If you use the Service to post jobs, you are an Employer.

The Service gives you access to the services that we may establish and maintain from time to time at our sole discretion. Upon acceptance of the Insertion Order (the IO), you will be added to the Medi-Weightloss _____ Account as an Authorized User and be able to access, control, and obtain e-signature documents. You must notify Medi immediately of any breach of security or unauthorized use of your account. Medi is not liable for any losses or damage caused due to any unauthorized use of your account.

2. Fees.

For E-Signature Services, Franchisee agrees to pay the fees as set forth in the IO. Medi may add new services for additional fees and charges or amend fees and charges for existing Services at any time at its sole discretion. Any change to the existing fees shall become effective in the billing cycle following notice of such change to you as provided in the Agreement. Once paid, all fees are fully earned by Medi.

3. Agreement Effective Date/Termination. The effective date of the Agreement is the day that an IO is accepted by Medi. Upon expiration of the Initial Service Period, the Agreement will automatically renew for consecutive one- _____ until terminated by the parties. This Agreement may be terminated as follows:

- a. **Termination by Medi.** Medi may terminate this Agreement without notice and without cause at any time and for any reason.
- b. **Termination by Franchisee.** Franchisee may not terminate the Agreement during the Initial Service Period. Upon expiration of the Initial Service Period, Franchisee may terminate this Agreement for any reason effective thirty (30) days after receipt of written notice of termination.

4. **Disclaimer of Warranties.** Medi provides all services performed hereunder on an AS IS and AS AVAILABLE basis, without any warranty of any kind and without any guarantee of uninterrupted Service. In the event of interruption of Service, Medi's sole obligation will be to restore service as soon as practicable. Medi disclaims all warranties of any kind, whether express or implied, including, but not limited to, the implied warranty of merchantability or fitness for a particular purpose and implied warranties arising from course of dealing or course of performance. Without limiting the generality of the foregoing, Medi makes no guarantees with respect to the performance or success of any job listings or candidates.

5. **Limitations of Liability.** To the maximum extent permitted by applicable law, Medi disclaims liability for any special, indirect, incidental, or consequential damages, including, without limitation, for breach of contract or warranty, negligence or strict liability or for interrupted communications, loss of use, lost business, lost data, or lost profits (even if Medi was advised of the possibility of any of the foregoing), arising out of or in connection with this Agreement.

6. **Governing Law.** This Agreement will be construed in accordance with and will be governed by the laws of the state of Florida. Each party hereby irrevocably consents to the jurisdiction and venue of the state and federal courts in Hillsborough County, Florida in connection with any claim, action, suit, or proceeding relating to this Agreement.

7. **Entire Agreement.** This Agreement is intended to be an addendum to the Franchise Agreement and related documents. This Agreement sets forth all of the agreements between the parties relating to the subject matter hereof. Any previous agreements or understandings (whether written or oral) between the parties regarding the subject matter hereof are merged into and superseded by this Agreement. All other terms of the Franchise Agreement are not affected and remain binding on the parties.

8. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

9. **Modification or Waiver of Agreement.** No modification or waiver of any provision of this Agreement will be valid unless the modification or waiver is in writing signed by both of the parties. The failure of either party at any time to insist upon the strict performance of any provision of this Agreement will not be construed as a waiver of the right to insist upon the strict performance of the same provision at any future time.

10. **Survival.** The termination of this Agreement will not release or discharge either party from any obligation, debt or liability which will have previously accrued and remains to be performed by such party upon the date of termination, or which, by its terms, is to be performed after the date of termination.



Insertion Order: E-Signature Program

MEDI-WEIGHTLOSS® LOCATION:

Email completed forms to your Franchise Performance Consultant.

Franchise Name:			
Address:			
Address (line 2):			
City:	State:	ZIP Code:	Phone: ()
Primary Contact (first and last name):		Email:	

ORDER SUMMARY FOR E-Signature Program		
Start Date:		
Product/Service	Billing Rate per E-Signature	Billing Frequency*
Access to E-Signature Program to be charged per E-Signature	\$1.25	Monthly

* Franchisor will collect the amount due on or about the 15th day following the previous month end. Franchisor may change the billing frequency to quarterly.

ACKNOWLEDGEMENTS

By signing below, Franchisee acknowledges:

1. Franchisee has read and agrees that its relationship with **Medi-Weightloss®** is governed by and subject to the Optional E-Signature Services Terms of Use Agreement (the Agreement).
2. Franchisee understands that payment in full is required monthly for access to the Services and that the Initial Services Period is for a minimum of one year, after which time the Services will auto-renew annually until terminated as provided in the Agreement.
3. Franchisee acknowledges that Termination Notices must be emailed to your Franchise Performance Consultant. The Termination shall be effective 30 days following receipt of the written notice.
4. Franchisee acknowledges and agrees that s/he is being added to the **Medi-Weightloss®** account as an Authorized User only and that **Medi-Weightloss®** ultimately maintains the Account and has the sole discretion to edit and/or delete your access it deems necessary at any time and for any reason.

AUTHORIZATION SIGNATURES

Franchisee (Franchise Representative): _____ Date: _____

Medi-Weightloss® (Franchise Performance Representative): _____ Date: _____

Medi-Weightloss® (Finance Representative): _____ Date: _____



Charge Authorization Form

Your completion of this authorization helps us to protect you, our valued customer, from credit card fraud. **Medi-Weightloss®** will keep all information on this form strictly confidential.

Franchise Location: _____

I, _____, hereby authorize **Medi-Weightloss®** to charge my credit card account for purchases made online through MediWeightloss.com (MediWeightlossClinics.com).

Account Type

VISA

MasterCard

AMEX

Credit Card Number: _____

Expiration Date: ____ / ____ / ____ VID Code: _____

Billing Address

Street: _____

City: _____ State: _____ ZIP Code: _____

Country: (if not US) _____ Phone: () _____

Shipping Address

Check box if same as billing address.

Street: _____

City: _____ State: _____ ZIP Code: _____

Country: (if not US) _____ Phone: () _____

As the credit card holder, I hereby authorize receipt of goods & services at the shipping address provided.

Cardholder's Signature

Date

As the credit card holder, I authorize Medi-Weightloss® to charge my credit card for future purchases verbally approved by me.

Authorization Valid Until: ____ / ____ / ____ Initial: _____

EXHIBIT R TO THE DISCLOSURE DOCUMENT

FORM OF MEDILIVING ADDENDUM

FORM – MEDILIVING ADDENDUM
BETWEEN
MEDI-WEIGHTLOSS FRANCHISING USA, LLC
AND

THIS FRANCHISE MEDILIVING ADDENDUM (the “**MEDILIVING Addendum**”) is effective as of the last date of signature by all parties. It amends the Franchise Agreement including all addenda and exhibits (the “**Franchise Agreement**”) between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC**, a Florida limited liability company (“**Franchisor**”, “**we**,” “**us**” or “**our**”), and _____, a limited liability company, (“**you**”), which operates a **MEDI-WEIGHTLOSS®** Business located at _____ (you and we are sometimes referred to collectively as the “**parties**”).

1. **Precedence and Defined Terms.** This **MEDILIVING Addendum** is an integral part of, and is incorporated into, the Franchise Agreement. Nevertheless, this **MEDILIVING Addendum** supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this **MEDILIVING Addendum** have the meanings as defined in the Franchise Agreement. **This MEDILIVING Addendum is personal to you. The terms and conditions of this Addendum cannot be transferred separate from the Franchise Agreement, or with it. Also, the terms and conditions of this Addendum will not apply to any transferee under a transfer as defined in the Franchise Agreement.**

2. **Prerequisites:** Franchisees which meet certain qualifications we designate may be eligible to provide additional **MEDILIVING Products and Services**, such as, but not limited to, those services related to Preventive Medicine, under the terms of the **MEDILIVING Program** and this **MEDILIVING Addendum**. To be eligible for the **MEDILIVING Program (aka “MEDILIVING Program”)**, the Franchisee must first comply with the following criteria:

- A. **Written Request.** At any time during the term of the Franchise Agreement, the Franchisee must apply for the **MEDILIVING Program** by submitting our **MEDILIVING Application form** to the Operations Department.
- B. **Good Standing.** The Franchisee must currently be and remain in substantial compliance with the Franchise Agreement including, but not limited to, timely payment of all fees due, utilization of Franchisor’s financial reporting software (currently, our online version of QuickBooks), compliance with System Standards to include, without limitation, proper Branding, use of our Marks, and use of the **MEDI-WEIGHTLOSS® Program**.
- C. **Regulatory Review.** By executing this agreement, you acknowledge that you have recently obtained, or will obtain prior to implementing the **MEDILIVING Program**, a regulatory review of the legal and health care rules and regulations in your state that apply to the operation of your Business (“**Regulatory Review**”). The “**Regulatory Review**” should address whether or not you may directly bill third party insurance carriers or whether such billing may only be done through an affiliated physician’s practice. Our failure to require you to conduct or waiver of your obligation to conduct, the **Regulatory Review** is not a representation or opinion on our part that the operation of your Business is, or is not, in compliance with applicable laws.

3. **MEDILIVING Program:** The MEDILIVING Program shall consists of Other Products and Services which are approved by us. MEDILIVING products and services will include, but are not limited to, Preventive Medicine products and services. Often MEDILIVING products and/or services will not be related to weight loss, nutritional counseling, or weight management. Your offering of MEDILIVING products and services will be governed by your Franchise Agreement as amended by this MEDILIVING Addendum. MEDILIVING Products are included in Gross Sales for purposes of the Franchise Agreement.

4. **MEDILIVING Training:** Franchisees and designated staff must successfully complete the required training curriculum for the implementation of the MEDILIVING Program. The Franchisor and approved vendors provide training in various formats to best accommodate the operations of the franchise locations. ELearning courses will be assigned to the appropriate staff members on Advantage. Staff may access assigned courses on Advantage.

A. **Additional Training:** Due to the complexity and regulatory significance of many program(s), the Franchisor may require additional ongoing training by franchisees and designated staff. Franchisees will receive written notification of all training requirements and will be provided ample notice for successful completion.

5. **System Standards:** We will make our “MEDILIVING Manual” available to you on-line or via other electronic format or other format we designate, during the term of this Agreement, consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer Software and written materials) that we generally furnish to Franchisees from time-to-time for use in operating the MEDILIVING Program. The MEDILIVING Manual contains mandatory and suggested specifications, standards, operating procedures and rules (“**System Standards**”) that we prescribe from time-to-time for the operation of the MEDILIVING Program and information relating to your other obligations under this Agreement and related agreements

6. **Approved Products and Services:** You agree to only sell the MEDILIVING Products and Services or other items at the Business that we have previously approved for sale (i.e., the Products and Services) and no others. You will immediately implement changes to the Products and Services requested by us, including advertising or marketing changes. You agree to maintain an inventory of Products and Services sufficient to meet the daily demands of your Business and as designated in our System Standards.

7. **Legal Compliance:** You must acknowledge and agree to, at all times, fully comply with all laws, such as the federal False Claims Act; the federal Stark Law; state corporate practice of medicine prohibitions; and state laws that are similar to the federal Anti-Kickback Act or the Stark Law prohibitions on self-referrals and/or certain fee splitting arrangements.

8. **No Guarantee of Acceptance.** You acknowledge that Franchisor has provided no guarantees and/or warranties regarding acceptance by insurance carriers, nor any likelihoods, guarantees or warranties regarding costs, time periods related to credentialing and contracting, and/or available reimbursement rates. Furthermore, you acknowledge that Franchisor has not provided any financial projections and/or data related to MEDILIVING services and that any such information relied upon by you came solely based upon your discussions with individual franchisees, not the Franchisor.

9. **Claim Accuracy and Risk of Denial/Reduction:** In the event you choose to seek 3rd party insurance reimbursement for services associated with the MEDILIVING Program, you must at all times follow the rules, policies, and procedures adopted by the insurance company which establish conditions relating to the delivery of Covered Services. For example, any insurance carrier qualifications and requirements related to (1) a credentialed provider’s physical presence at the location, (2) licensing

requirements of individuals providing such services, and/or (3) the physical presence of the person who conducts the visit in order to bill claims to the insurance carrier. You and your Represented Provider are responsible for the accuracy of all such claims. You acknowledge and agree that Franchisor is in no way responsible if a claim, or claims, are ultimately denied or reduced due to a determination that said claim, or claims, were not medically necessary and/or otherwise not eligible for payment under the applicable plan. Furthermore, you acknowledge and agree that you and your Represented Provider bear all risk associated with utilizing the available Current Procedural Terminology (“CPT”) and International Classification of Diseases (“ICD”) codes in the Advantage software. All requests to include additional CPT and ICD code(s) in the Advantage software system must be provided to Franchisor in writing.

10. **Confidentiality, Non-solicitation, or Non-Competition System Standards.** All persons you employ that have access to any of the Confidential Information must sign a Confidentiality/Non-Solicitation/Non-Competition Agreement (“CNN”) that protects our rights under this Agreement. You acknowledge that the Physician representing and/or affiliated with your Business has contractually agreed to the required Confidentiality, Non-Solicitation, and Non-Competition System Standards as contained in your Franchise Agreement. You agree to provide a copy to us of all such agreements upon our request.

11. **Unit-Transfer Agreements.** In the event you are operating your Franchise as a management company which is providing management services to an affiliated medical practice, you acknowledge that you have a Unit Transfer Agreement, or similar agreement, between your company and the Medical Practice to which you are providing such services. You agree to provide a copy of all such agreements upon our request.

12. **Term of MEDILIVING Program:** The MEDILIVING Program shall last for the remainder of your Term. We may terminate your participation in the Insurance Program at any time upon providing you sixty (60) days written notice to you if you fail to comply with this MEDILIVING Addendum and/or the Franchise Agreement.

13. **General Release.** You and your owners must execute the form of our general release attached hereto as “**Exhibit A**”.

14. **Non-Compliance.** Non-compliance by you of the terms and conditions in this MEDILIVING Addendum, and in the Franchise Agreement, including, but not limited to, failure to make timely payments of the fees owed, may be considered a material breach of this MEDILIVING Addendum and the Franchise Agreement.

15. **Regulatory Changes.** In the event that applicable controlling state or federal laws, rules or regulations prohibit the fee structure(s) described in the Franchise Agreement and/or as amended herein, at our option, we may, in our sole discretion modify the MEDILIVING Addendum to seek to comply with such laws, rules or regulations or discontinue the Insurance Program, voiding any changes to it made by this MEDILIVING Addendum.

16. **Acknowledgement, and Remaining Terms Unaffected.** The foregoing terms, including the Prerequisites, have been negotiated by you, and these changes to the Franchise Agreement have been made at your request and for your benefit. They have not been unilaterally imposed by us. The remainder of the Franchise Agreement is unaffected and is binding on the parties.

Intending to be bound, you and we sign and deliver this MEDILIVING Addendum to each other as shown below:

“US”

MEDI-WEIGHTLOSS FRANCHISING USA, LLC,

a Florida limited liability company,

“YOU”

a _____ limited liability company

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

“EXHIBIT A”

RELEASE BY BUSINESS OWNERS

THIS RELEASE is given by _____, and all of their predecessors and affiliates; and each of their owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their heirs, beneficiaries, executors and administrators (collectively the “**Business Owners**”), to **MEDI-WEIGHTLOSS FRANCHISING USA, LLC**, a Florida limited liability company, and all of its predecessors and affiliates, and each of their owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their heirs, beneficiaries, executors and administrators (individually and collectively, “**Franchisor**”).

Effective on the date of this Release, Business Owners forever release, covenant not to sue, and discharge Franchisor from any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, fixed or contingent, past or present, which Business Owners now have or ever had against Franchisor specifically arising up to now out of that certain Franchise Agreement and related documents dated _____, as may be amended (“Franchise Agreement”); anything out of that particular referenced franchise relationship between Business Owners and Franchisor; violations of franchise, business opportunity or seller assisted marketing plan laws; or any other laws, rules or regulations; except for Franchisor's ongoing obligations under the aforementioned Franchise Agreement, as amended; and any franchise related contracts or documents related thereto. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

Except as provided above, this Release is intended by the parties to be unqualifiedly general in scope and effect and effective for the following as they relate to the above-referenced documents and stated business relationship up to now: (a) any and all claims and obligations, including those of which Business Owners are not now aware; and (b) all claims Business Owners have from anything which has happened from the beginning of time up to and including the Effective Date of this Release.

Business Owners are bound by this Release. Business Owners freely and voluntarily give this Release to Franchisor for good and valuable consideration and Business Owners acknowledge its receipt and sufficiency. The Business Owners have consulted with, and had the advice of, an attorney, and the parties are executing this Release after independent investigation and without fraud, duress, or undue influence.

Business Owners represent and warrant to Franchisor that Business Owners have not assigned or transferred to any other person any claim or right Business Owners had or now have relating to or against Franchisor.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by Florida law.

This Release is effective **as of the effective date of the FRANCHISE MEDILIVING ADDENDUM to which this is attached.**

(Signature Page Immediately Follows)

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IN WITNESS WHEREOF, the undersigned executes this RELEASE BY BUSINESS OWNERS:

“BUSINESS OWNERS”

_____ a _____ limited liability company

By: _____
Name: _____
Title: _____
Date: _____

STATE OF _____)
COUNTY OF _____)

THE FOREGOING INSTRUMENT was acknowledged before me this _____ day of _____, 20____, by _____, as the _____ of _____, a _____ limited liability company on behalf of the company and behalf of him/herself. (S)he is (check one) ___ personally known to me or ___ has produced _____ as identification.

(Notarial Seal)

Signature of Notary
Printed Name of Notary _____
Notary Public, State of _____
My Commission Expires: _____

EXHIBIT S TO THE DISCLOSURE DOCUMENT

**FORM OF EXISTING BUSINESS ADDENDUM
AND
APPLICATION**

**FORM –EXISTING BUSINESS ADDENDUM
BETWEEN
MEDI WEIGHTLOSS FRANCHISING USA, LLC
AND**

THIS EXISTING BUSINESS ADDENDUM (the “**EB Addendum**”) is effective as of the date of signature. It amends the Franchise Agreement dated _____, including all addenda and exhibits (the “**Franchise Agreement**”) between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC**, a Florida limited liability company (“**Franchisor**”, “**we**,” “**us**” or “**our**”), _____, a _____ limited liability company, (“**Franchisee**”, “**you**” or “**your**”), which operates a **MEDI-WEIGHTLOSS®** Business located at _____ and _____ (“**Affiliated Entity**”), which provides Existing Business Services (you and we are sometimes referred to collectively as the “**parties**”).

1. **Precedence and Defined Terms.** This EB Addendum is an integral part of, and is incorporated into, the Franchise Agreement. Nevertheless, this EB Addendum supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this EB Addendum have the meanings as defined in the Franchise Agreement. **This EB Addendum is personal to you. The terms and conditions of this EB Addendum cannot be transferred separate from the Franchise Agreement, or with it. Also, the terms and conditions of this EB Addendum will not apply to any transferee under a transfer as defined in the Franchise Agreement.**

2. **Existing Business Services.** Existing Business Services are only those services listed on Schedule 1 to this Addendum under the heading of Existing Business Services. However, if you cease providing any service defined as an Existing Business Service for a period of 3 months or greater, then that service will no longer be defined as an Existing Business Service. As long as the service is considered an Existing Business Service, it is not included in Gross Sales for purposes of the Franchise Agreement.

3. **Royalty Fee.** When calculating the Royalty, 25% of the gross revenues of your Existing Business Services will count as Gross Revenues of your Medi-Weightloss® Business for purposes of calculating the Royalty Due.

4. **Competitive Restrictions.** You and the Affiliated Entity are not authorized to offer or sell any services of any kind or nature that would meet the definition of a Competitive Business under the Franchise Agreement other than: (a) for the Affiliated Entity, the Existing Business Services listed on Schedule 1, and (b) for the Medi-Weightloss® Business the products and services we designate or approve under the Franchise Agreement. Other than permitting your Affiliated Entity to offer the Existing Business Services in accordance with this EB Addendum, the competitive restrictions under the Franchise Agreement remain in full force and effect.

5. **Firewalls:** You must follow our System Standards that require that the Existing Business Services be offered and sold in such a manner that the general public should have no reason to believe or have the public perception that the Affiliated Entity and/or its Existing Business Services are associated with your Medi-Weightloss® Business in any way. To ensure the public does not perceive the Existing Business Services to be associated, you and Affiliated Entity have agreed to the following and must:

- A. Maintain a separate location/address for all Existing Business Services which includes a separate entrance. However, Affiliated Entities owned by Physicians who **operate existing medical practices** may seek a variance for joint location (co location) approval only with our prior written consent. An Affiliated Entity seeking a joint space variance must maintain separate check in area, separate waiting room, and separate signage as well as must comply with all of our other System Standards for the establishment, maintenance and operation of such joint space. We may require the posting of additional notices at your location.
- B. Maintain a separate phone number and separate phone system.
- C. Utilize separate staff for your Existing Business Services than are used for the Medi-Weightloss® Business.
- D. Maintain separate medical reimbursement contracts with the various insurance companies and billing services companies, if applicable, for the Medi-Weightloss® Business and the spa service business.
- E. Maintain a separate scheduling, business forms, and accounting system for your Medi-Weightloss® Business and Affiliated Entity. Your Medi-Weightloss® Business and the Affiliated Entity must maintain proper accounting, fully burdening each business with all related expenses.
- F. Maintain separate advertising. No joint advertising is be allowed unless approved by us, which we may reject or refuse in our sole discretion. Any website or social media advertising or communications utilizing the Medi-Weightloss® brand or any of the other aspects of our System, Marks, copyright and intellectual property must be approved by our Marketing Department in advance.
- G. Comply with all of our System Standards which we may at any time upon notice to you develop, impose, modify, or terminate in our sole discretion to address issues we in or sole discretion deem relevant with respect to the Existing Business Services and your activities under this EB Addendum. However, we will not seek to, and do not intend to impose direct controls over the activities of the employees of your Existing Business. This Addendum and our System Standards may be amended and modified by us in our sole discretion at any time to make changes to your obligations we deem relevant to reducing the likelihood that we, you or the Affiliated Business may be deemed co-employers of the other's employees.

6. **Reporting and Our Right to Inspect and Audit.** You must report to us the gross revenues of your Affiliated Business in the same manner as your reporting the Gross Revenues of your Medi-Weightloss® Business. The gross revenues of your Affiliated Business are all monies received by that Affiliated Business from any source whatsoever. In addition to our rights to inspect and/or audit you and/or your business, per the terms and conditions of your Franchise Agreement, we have the right at any time during business hours, with three (3) days prior notice to the Affiliated Entity, to inspect and/or audit, or cause to be inspected and/or audited, the Affiliated Entity's business, bookkeeping and accounting records, sales and income tax records and returns and other records. You and the Affiliated Entity agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection and/or audit. If our inspection or audit is made necessary by your failure to follow the terms of this EB Addendum, you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our

employees. The foregoing remedies are in addition to our other remedies and rights under this EB Addendum, the Franchise Agreement it attaches to, and applicable law. If you breach this EB Addendum, at our sole option, we may include revenues from the Existing Business Services within Gross Sales for purposes of the Franchise Agreement.

7. **Insurance.** The Affiliated Entity must maintain in force, at the Affiliated Entity's expense and under policies of insurance covering not less than \$1,000,000 coverage per occurrence and issued by carriers approved by us, the types of insurance coverage listed herein. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances. Your policies must name us as an additional named insured.

- A. Liability insurance against liability for personal services care and negligence;
- B. "Umbrella" liability insurance;
- C. Comprehensive, public and product liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Affiliated Entity's business; and
- D. General casualty and property insurance.

8. **Indemnification.** In addition to the indemnity requirements contained in the Franchise Agreement, the Affiliated Entity agrees to indemnify, defend and hold harmless us, our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Party(ies)**") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages arising out of the Affiliated Entity business' operation. For purposes of this indemnification, "**claims**" includes all obligations, damages (actual, consequential or otherwise) and any costs incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, accountants', arbitrators', attorneys', paralegals' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend and settle any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Franchise Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. The Affiliated Entity agrees that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover.

9. **Franchise Certificate:** You must conspicuously post your Franchise Certificate in your location. The Franchise Certificate contains a statement that each franchise is independently owned and operated. We may require that you post additional certification or notices indicating that the Existing Business Services are not offered by or associated with us and your or any Medi-Weightloss® Business.

10. **Confidentiality, Non-solicitation, or Non-Competition System Standards.** All persons you employ that have access to any of the Confidential Information must sign a Confidentiality/Non-Solicitation/Non-Competition Agreement ("CNN") that protects our rights under this Agreement. You acknowledge that the Physician representing and/or affiliated with your Business has contractually agreed to the required Confidentiality, Non-Solicitation, and Non-Competition System Standards as contained in your Franchise Agreement. You agree to provide a copy to us of all such agreements upon our request.

You and the Affiliated Business agree that we may enforce the competitive restrictions in this addendum and the Franchise Agreement against the Affiliated Business, and that you will, on our behalf, enforce them against the Affiliated Business at your expense and our direction if so requested by us.

11. **General Release.** You and your owners must execute the form of our general release attached hereto as “Exhibit A”.

12. **Non-Compliance.** Non-compliance by you of the terms and conditions in this EB Addendum, and in the Franchise Agreement, including, but not limited to, failure to make timely payments of the fees owed, may be considered a material breach of this Eb Addendum and the Franchise Agreement.

13. **Acknowledgement, and Remaining Terms Unaffected.** The foregoing terms, including the Prerequisites, have been negotiated by you, and these changes to the Franchise Agreement have been made at your request and for your benefit. They have not been unilaterally imposed by us. The remainder of the Franchise Agreement is unaffected and is binding on the parties.

Intending to be bound, you and we sign and deliver this EB Addendum to each other as shown below:

“US”

MEDI-WEIGHTLOSS FRANCHISING USA, LLC
a Florida limited liability company

By: _____
Name: _____
Title: _____
Date: _____

“YOU”

a _____ limited liability company

By: _____
Name: _____
Title: _____
Date: _____

“AFFILIATED ENTITY”

a _____ limited liability company

By: _____
Name: _____
Title: _____
Date: _____

“EXHIBIT A”

RELEASE BY BUSINESS OWNERS

THIS RELEASE is given by _____
(“Franchisee”); _____
(“Affiliated Entity”); and all of their predecessors and affiliates; and each of their owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their heirs, beneficiaries, executors and administrators (collectively the “**Business Owners**”), to **MEDI-WEIGHTLOSS FRANCHISING USA, LLC**, a Florida limited liability company, and all of its predecessors and affiliates, and each of their owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their heirs, beneficiaries, executors and administrators (individually and collectively, “**Franchisor**”).

Effective on the date of this Release, Business Owners forever release, covenant not to sue, and discharge Franchisor from any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, fixed or contingent, past or present, which Business Owners now have or ever had against Franchisor specifically arising up to now out of that certain Franchise Agreement and related documents dated _____, as may be amended (“Franchise Agreement”); anything out of that particular referenced franchise relationship between Business Owners and Franchisor; violations of franchise, business opportunity or seller assisted marketing plan laws; or any other laws, rules or regulations; except for Franchisor’s ongoing obligations under the aforementioned Franchise Agreement, as amended; and any franchise related contracts or documents related thereto. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

Except as provided above, this Release is intended by the parties to be unqualifiedly general in scope and effect and effective for the following as they relate to the above-referenced documents and stated business relationship up to now: (a) any and all claims and obligations, including those of which Business Owners are not now aware; and (b) all claims Business Owners have from anything which has happened from the beginning of time up to and including the Effective Date of this Release.

Business Owners are bound by this Release. Business Owners freely and voluntarily give this Release to Franchisor for good and valuable consideration and Business Owners acknowledge its receipt and sufficiency. The Business Owners have consulted with, and had the advice of, an attorney, and the parties are executing this Release after independent investigation and without fraud, duress, or undue influence.

Business Owners represent and warrant to Franchisor that Business Owners have not assigned or transferred to any other person any claim or right Business Owners had or now have relating to or against Franchisor.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by Florida law.

This Release is effective **as of the date of the Franchise Insurance Addendum to which this is attached,** notwithstanding the actual date of signature.

IN WITNESS WHEREOF, the undersigned executes this RELEASE BY BUSINESS OWNERS:

“BUSINESS OWNERS”

(“Franchisee”)

_____,
a _____ limited liability company

By: _____
Name: _____
Title: _____
Date: _____

(“Affiliated Entity”)

_____,
a _____ limited liability company

By: _____
Name: _____
Title: _____
Date: _____

STATE OF _____)
COUNTY OF _____)

THE FOREGOING INSTRUMENT was acknowledged before me this _____ day of _____, 20____, by _____, as the _____ of _____, a _____ limited liability company on behalf of the company and behalf of him/herself. (S)he is (check one) ___ personally known to me or ___ has produced _____ as identification.

Signature of Notary
Printed Name of Notary _____
Notary Public, State of _____
My Commission Expires: _____

(Notarial Seal)

STATE OF _____)
COUNTY OF _____)

THE FOREGOING INSTRUMENT was acknowledged before me this _____ day of _____, 20____, by _____, as the _____ of _____, a _____ limited liability company on behalf of the company and behalf of him/herself. (S)he is (check one) ___ personally known to me or ___ has produced _____ as identification.

(Notarial Seal)

Signature of Notary
Printed Name of Notary _____
Notary Public, State of _____
My Commission Expires: _____

**SCHEDULE 1
LIST OF EXISTING BUSINESS SERVICES**

EXISTING BUSINESS SERVICE	ADDITIONAL DESCRIPTION

“YOU”

MEDI-WEIGHTLOSS FRANCHISING USA, LLC
a Florida limited liability company

_____ a _____ limited liability company

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

“AFFILIATED ENTITY”

_____ a _____ limited liability company

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT T TO THE DISCLOSURE DOCUMENT

**FORM OF OUTSIDE BUSINESS ACTIVITY ADDENDUM
AND
APPLICATION**

FORM – FRANCHISE OBA ADDENDUM
BETWEEN
MEDI WEIGHTLOSS FRANCHISING USA, LLC
AND

THIS FRANCHISE OUTSIDE BUSINESS ACTIVITY ADDENDUM (the “**OBA Addendum**”) is effective as of the date of signature. It amends the Franchise Agreement dated _____, including all addenda and exhibits (the “**Franchise Agreement**”) between **MEDI-WEIGHTLOSS FRANCHISING USA, LLC**, a Florida limited liability company (“**Franchisor**”, “**we**,” “**us**” or “**our**”), _____, a _____ limited liability company, (“**Franchisee**”, “**you**” or “**your**”), which operates a **MEDI-WEIGHTLOSS®** Business located at _____ and _____ (“**Affiliated Entity**”), (you and we are sometimes referred to collectively as the “**parties**”).

1. **Precedence and Defined Terms.** This Addendum is an integral part of, and is incorporated into, the Franchise Agreement. Nevertheless, this Addendum supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Addendum have the meanings as defined in the Franchise Agreement. **This Addendum is personal to you. The terms and conditions of this Addendum cannot be transferred separate from the Franchise Agreement, or with it. Also, the terms and conditions of this Addendum will not apply to any transferee under a transfer as defined in the Franchise Agreement.**

2. **Competitive Restrictions.** You must disclose all spa services which the Affiliated Entity is currently performing or intends to perform. The Affiliated Entity must not perform any service which we deem may violate the competitive restrictions contained in your Franchise Agreement. If you breach this OBA Addendum in any way, we may, at our sole option, include all revenues from the services or products under this OBA Addendum within Gross Sales for purposes of the Franchise Agreement.

3. **Firewalls:** The general public should have no reason to believe or have the public perception that the Affiliated Entity and/or its services are associated with your Medi-Weightloss® Business in any way. To ensure the public does not perceive the business to be associated, you and Affiliated Entity have agreed to the following:

A. Maintain a separate location/address for all spa services you are required to disclose to us under Section 2 above, which includes a separate entrance.

1. **Limited Exception:** Entities owned by Physician who **operate existing medical practices** may seek a variance for joint location approval only with Franchisor’s prior written consent. An Affiliated Entity seeking a joint space variance must maintain separate check in area, separate waiting room, and separate signage. Franchisor may require the posting of additional notices at your location.

B. Your Medi-Weightloss® business and Affiliated Entity must maintain a separate phone number and separate phone system.

- C. Utilize separate staff for your other business.
- D. Maintain separate medical reimbursement contracts with the various insurance companies and billing services companies, if applicable, for the Medi-Weightloss® business and the spa service business.
- E. Maintain a separate scheduling, business forms, and accounting system for your other business. Your Medi-Weightloss® business and the Affiliated Entity must maintain proper accounting, fully burdening each business with all related expenses.
- F. Your Medi-Weightloss® business and Affiliated Entity must maintain separate advertising. No joint advertising shall be allowed. Any website advertising utilizing the Medi-Weightloss® brand must be approved by our Marketing Department in advance.

4. **Our Right to Inspect and Audit.** In addition to our rights to inspect and/or audit you and/or your business, per the terms and conditions of your Franchise Agreement, we have the right at any time during business hours, with three (3) days prior notice to the Affiliated Entity, to inspect and/or audit, or cause to be inspected and/or audited, the Affiliated Entity's business, bookkeeping and accounting records, sales and income tax records and returns and other records. You and the Affiliated Entity agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection and/or audit. If our inspection or audit is made necessary by your failure to follow the terms of this Addendum, you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. The foregoing remedies are in addition to our other remedies and rights under this Addendum, the Franchise Agreement it attaches to, and applicable law.

5. **Insurance.** **The Affiliated Entity must maintain in force, at the Affiliated Entity's expense and under policies of insurance covering not less than \$1,000,000 coverage per occurrence and issued by carriers approved by us, the types of insurance coverage listed herein. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances.**

- A. Liability insurance against liability for personal services care and negligence;
- B. "Umbrella" liability insurance;
- C. Comprehensive, public and product liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Affiliated Entity's business; and
- D. General casualty and property insurance.

6. **Indemnification.** In addition to the indemnity requirements contained in the Franchise Agreement, the Affiliated Entity agrees to indemnify, defend and hold harmless us, our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Party(ies)**") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages arising out of the Affiliated Entity business' operation. For purposes of this indemnification, "**claims**" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation,

reasonable accountants’, arbitrators’, attorneys’, paralegals’ and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. The Affiliated Entity agrees that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover.

7. **Franchise Certificate:** You must conspicuously post your Franchise Certificate in your location. The Franchise Certificate contains a statement that each franchise is independently owned and operated.

8. **Confidentiality, Non-solicitation, or Non-Competition System Standards.** All persons you employ that have access to any of the Confidential Information must sign a Confidentiality/Non-Solicitation/Non-Competition Agreement (“CNN”) that protects our rights under this Agreement. You acknowledge that the Physician representing and/or affiliated with your Business has contractually agreed to the required Confidentiality, Non-Solicitation, and Non-Competition System Standards as contained in your Franchise Agreement. You agree to provide a copy to us of all such agreements upon our request.

9. **General Release.** You and your owners must execute the form of our general release attached hereto as “Exhibit A”.

10. **Non-Compliance.** Non-compliance by you of the terms and conditions in this Addendum, and in the Franchise Agreement, including, but not limited to, failure to make timely payments of the fees owed, may be considered a material breach of this Addendum and the Franchise Agreement.

11. **Acknowledgement, and Remaining Terms Unaffected.** The foregoing terms, including the Prerequisites, have been negotiated by you, and these changes to the Franchise Agreement have been made at your request and for your benefit. They have not been unilaterally imposed by us. The remainder of the Franchise Agreement is unaffected and is binding on the parties.

Intending to be bound, you and we sign and deliver this Addendum to each other as shown below:

“US”

MEDI-WEIGHTLOSS FRANCHISING USA, LLC
a Florida limited liability company

By: _____
Name: _____
Title: _____
Date: _____

“YOU”

_____ limited liability company

By: _____
Name: _____
Title: _____
Date: _____

“AFFILIATED ENTITY”

_____ limited liability company

By: _____

Name: _____
Title: _____
Date: _____

“EXHIBIT A”

RELEASE BY BUSINESS OWNERS

THIS RELEASE is given by _____ (**“Franchisee”**); _____ (**“Affiliated Entity”**); and all of their predecessors and affiliates; and each of their owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their heirs, beneficiaries, executors and administrators (collectively the **“Business Owners”**), to **MEDI-WEIGHTLOSS FRANCHISING USA, LLC**, a Florida limited liability company, and all of its predecessors and affiliates, and each of their owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their heirs, beneficiaries, executors and administrators (individually and collectively, **“Franchisor”**).

Effective on the date of this Release, Business Owners forever release, covenant not to sue, and discharge Franchisor from any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, fixed or contingent, past or present, which Business Owners now have or ever had against Franchisor specifically arising up to now out of that certain Clinic Franchise Agreement and related documents dated _____, as may be amended (**“Franchise Agreement”**); anything out of that particular referenced franchise relationship between Business Owners and Franchisor; violations of franchise, business opportunity or seller assisted marketing plan laws; or any other laws, rules or regulations; except for Franchisor's ongoing obligations under the aforementioned Franchise Agreement, as amended; and any franchise related contracts or documents related thereto.

Except as provided above, this Release is intended by the parties to be unqualifiedly general in scope and effect and effective for the following as they relate to the above-referenced documents and stated business relationship up to now: (a) any and all claims and obligations, including those of which Business Owners are not now aware; and (b) all claims Business Owners have from anything which has happened from the beginning of time up to and including the Effective Date of this Release.

Business Owners are bound by this Release. Business Owners freely and voluntarily give this Release to Franchisor for good and valuable consideration and Business Owners acknowledge its receipt and sufficiency. The Business Owners have consulted with, and had the advice of, an attorney, and the parties are executing this Release after independent investigation and without fraud, duress, or undue influence.

Business Owners represent and warrant to Franchisor that Business Owners have not assigned or transferred to any other person any claim or right Business Owners had or now have relating to or against Franchisor.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by Florida law.

This Release is effective **as of the date of the Franchise Insurance Addendum to which this is attached,** notwithstanding the actual date of signature.

IN WITNESS WHEREOF, the undersigned executes this RELEASE BY BUSINESS OWNERS:

“BUSINESS OWNERS”

(“Franchisee”)

_____,
a _____ limited liability company

By: _____
Name: _____
Title: _____
Date: _____

(“Affiliated Entity”)

_____,
a _____ limited liability company

By: _____
Name: _____
Title: _____
Date: _____

STATE OF _____)
COUNTY OF _____)

THE FOREGOING INSTRUMENT was acknowledged before me this _____ day of _____, 2015, by _____, as the _____ of _____, a _____ limited liability company on behalf of the company and behalf of him/herself. (S)he is (check one) ___ personally known to me or ___ has produced _____ as identification.

Signature of Notary
Printed Name of Notary _____
Notary Public, State of _____
My Commission Expires: _____

(Notarial Seal)

STATE OF _____)
COUNTY OF _____)

THE FOREGOING INSTRUMENT was acknowledged before me this _____ day of _____, 2015, by _____, as the _____ of _____, a _____ limited liability company on behalf of the company and behalf of him/herself. (S)he is (check one) ___ personally known to me or ___ has produced _____ as identification.

(Notarial Seal)

Signature of Notary
Printed Name of Notary _____
Notary Public, State of _____
My Commission Expires: _____



MEDI-WEIGHTLOSS® OUTSIDE BUSINESS ACTIVITY (OBA) APPLICATION

Medi-Weightloss Franchising USA, LLC, its agents, and its employees may not render you any legal advice. The Outside Business Activity Application has been specifically designed to protect the Medi-Weightloss® brand. It is not intended to exercise, and does not constitute, control over the day to day operations of your Business, or to assume any responsibility for your obligations under the Franchise Agreement. Our consent to use of services/products not currently approved as Medi-Weightloss® services/products is rare and may require field testing and/or a pilot program. Additional fees for such testing may apply. See your Franchise Agreement for details.

Location of Medi-Weightloss® Business: _____

Name of Franchisee (Company Name): _____

Business Address: _____ City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____ Email: _____

PART A: RELATED SERVICES/PRODUCTS

Services/products you wish to offer which are related to your Medi-Weightloss® Business but are not currently approved as Medi-Weightloss® services/products:

PART B: UNRELATED BUSINESS ACTIVITIES

Business activities you believe are unrelated to your Medi-Weightloss® Business. The general public should have no reason to believe that these unrelated business activities are associated with your Medi-Weightloss® Business in any way. If we believe there is potential for the public to associate the unrelated business activity to Medi-Weightloss®, we may require the use of a written disclosure. Please completely fill out PART C: FIREWALL TEST below.

Describe Type/Nature of Business and Services to be provided:

PART C: FIREWALL TEST

Please check the boxes below that best describe each statement regarding your unrelated business activity:

- | YES | NO | | YES | NO | |
|-----------------------------|--------------------------|---------------------------------------|------------------------------|--------------------------|-------------------------|
| 1. <input type="checkbox"/> | <input type="checkbox"/> | Separate Owner/LLC (*See Below) | 7. <input type="checkbox"/> | <input type="checkbox"/> | Separate Staff |
| 2. <input type="checkbox"/> | <input type="checkbox"/> | Separate Address | 8. <input type="checkbox"/> | <input type="checkbox"/> | Separate Insurance |
| 3. <input type="checkbox"/> | <input type="checkbox"/> | Separate Entrance | 9. <input type="checkbox"/> | <input type="checkbox"/> | Separate Business Forms |
| 4. <input type="checkbox"/> | <input type="checkbox"/> | Separate Waiting Room | 10. <input type="checkbox"/> | <input type="checkbox"/> | Separate Phone System |
| 5. <input type="checkbox"/> | <input type="checkbox"/> | Separate Signage | 11. <input type="checkbox"/> | <input type="checkbox"/> | Separate Check-In Sheet |
| 6. <input type="checkbox"/> | <input type="checkbox"/> | Separate Scheduling/Accounting system | 12. <input type="checkbox"/> | <input type="checkbox"/> | Separate Advertising |

*Legal Name of the Unrelated Business Entity: _____
Address of the Unrelated Business Entity: _____
State and date where the Unrelated Business Entity was/is to be officially organized/ filed: State: _____ Date Filed: _____

ANY QUESTIONS ABOVE ANSWERED 'YES' REQUIRE COPIES/PROOF ACCOMPANYING THIS FORM

REMINDER: Please ensure that you are conspicuously posting your Franchise Certificate in your location. The Franchise Certificate contains a statement that each franchise is independently owned and operated. If you do not have a Franchise Certificate, contact your Franchise Performance Consultant so that one can be sent to you.

NOTHING ON THIS FORM SHALL BE DEEMED APPROVED UNTIL WRITTEN APPROVAL IS RECEIVED FROM THE FRANCHISOR.

Submitted By: _____ Title: _____
Printed Name: _____ Date: _____

FOR INTERNAL USE ONLY

Received by Medi-Weightloss* (name): _____ Date: _____
Approval: Yes No Pending Testing: _____ Date: _____
Approval Signature: _____ Title: _____ Date: _____
Name Printed: _____

EXHIBIT U TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES/AGENTS

FOR SERVICE OF PROCESS

Our registered agent in the State of Florida is:

Derek Kaloust
509 S. Hyde Park Avenue
Tampa, FL 33606

STATE	AGENCY	PROCESS, IF DIFFERENT
Illinois	Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706	
Indiana	Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street Indianapolis, Indiana 46204	Administrative Office of the Secretary of State 201 State House Indianapolis, Indiana 46204
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021	Maryland Securities Commissioner 200 St. Paul Place Baltimore Maryland 21202-2021
Michigan	Consumer Protection Division Franchise Section Michigan Department of Attorney General 670 G. Mennen Williams Building 525 West. Ottawa Lansing, Michigan 48933	
Minnesota	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1500	Commissioner of Commerce
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, New York 10005	New York Department of State One Commercial Plaza 99 Washington Avenue, 6 th Floor Albany, New York 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth FL, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310	
Rhode Island	Division of Securities 1511 Pontiac Avenue John O. Pastore Complex-Building 69-1 Cranston, RI 02920 (401) 462-9585	

STATE	AGENCY	PROCESS, IF DIFFERENT
South Dakota	Department of Labor and Regulation Division of Securities 445 E. Capitol Avenue Pierre, SD 57501 (605) 773-4823	
Virginia	Ronald W. Thomas, Administrator State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219	Clerk State Corporation Commission 1300 East Main Street Richmond, VA 23219
Washington	State of Washington Securities Administrator 150 Israel Rd., S.W. Tumwater, WA 98501	Department of Financial Institutions 150 Israel Road, SW Tumwater, WA 98501
Wisconsin	Securities and Franchise Registration Division of Securities, 4 th Floor 345 W. Washington Avenue Madison, Wisconsin 53703	

EXHIBIT V TO THE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Dates stated below:

<u>State</u>	<u>Effective Date</u>
Indiana	May 3, 2023, as amended [pending]
Michigan	May 12, 2023, as amended October 21, 2023
Minnesota	July 6, 2023, as amended [pending]
North Dakota	June 27, 2023, as amended [pending]
Rhode Island	April 28, 2023, as amended [pending]
South Dakota	May 4, 2023, as amended October 21, 2023
Virginia	June 9, 2023, as amended November 2, 2023
Wisconsin	May 2, 2023, as amended [pending]

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller assisted marketing plans.

EXHIBIT W TO THE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If MEDI-WEIGHTLOSS FRANCHISING USA, LLC offers you a franchise, it must provide this disclosure document to you fourteen days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

Under Illinois, Maine, Nebraska, New York, Oklahoma, Rhode Island or South Dakota law, if applicable, MEDI-WEIGHTLOSS FRANCHISING USA, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. New York Law requires the Franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship.

If MEDI-WEIGHTLOSS FRANCHISING USA, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and in the state agency listed on Exhibit "U".

Issuance Date: April 28, 2023, as amended October 21, 2023

The individuals below act as our franchise sellers on this franchise sale:

Medi-Weightloss Franchising USA, LLC 509 S. Hyde Park Ave.
Tampa, FL 33606
(813) 228-6334

Andrew Cox; Brooks Edlund; Ken Hall; Rhandi Guzzo; Sharla Cook; Charolette Obringer; Casey Robinson; Debbie Mathey; Christina Anderson; Ben Scott; Chandler Hedgepath; Dr. Macklin Guzman; Dr. Gretchen San Miguel.

The franchise seller for this offering is _____ . His/her address is _____
_____ and his/her telephone number is _____.

MEDI-WEIGHTLOSS FRANCHISING USA, LLC authorizes the respective state agencies identified on Exhibit "U" to receive service of process for it in the particular state.

I have received a disclosure document dated April 28, 2023, as amended October 21, 2023, that included the following Exhibits:

Exhibit A	Financial Statements	Exhibit M	Form of State Specific Addenda and Exhibits
Exhibit B	Form of Franchise Agreement and Related Materials (Exhibits)	Exhibit N	Table of Contents of our Manuals
Exhibit C	Form of Area Development Addendum	Exhibit O	Form of Confidentiality, Non-Solicitation and Non-Competition Agreement
Exhibit D	Form of NCP Addendum	Exhibit P	Optional Marketing Services Agreement
Exhibit E	Form of Owners' Statement	Exhibit Q	Optional E-Signature Service Agreement
Exhibit F	Form of Owners' Guaranty	Exhibit R	Form of MediLiving Addendum
Exhibit G	Forms of General Release – Renewal or Assignment	Exhibit S	Form of Existing Business Addendum
Exhibit H	Form of Medical Practice Management Addendum	Exhibit T	Form of Outside Business Activity Addendum
Exhibit I	Form of Business Associate Agreement	Exhibit U	List of State Agencies/Agents for Service of Process
Exhibit J	Form of Electronic Funds Transfer Agreement	Exhibit V	State Specific Effective Dates
Exhibit K	List of Franchisees and Licensed Businesses	Exhibit W	Receipts
Exhibit L	List of Franchisees and Licensed Businesses Who Have Left the System		

PROSPECTIVE FRANCHISEE:

If a Business Entity:

NAME OF ENTITY

By (Signature): _____

Name Printed: _____

Date FDD Received: _____

If an Individual:

Signature: _____

Name Printed: _____

Date FDD Received: _____

[Our Copy – to be returned to Medi-Weightloss Franchising USA, LLC]

RECEIPT

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If MEDI-WEIGHTLOSS FRANCHISING USA, LLC offers you a franchise, it must provide this disclosure document to you fourteen days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

Under Illinois, Maine, Nebraska, New York, Oklahoma, Rhode Island or South Dakota law, if applicable, MEDI-WEIGHTLOSS FRANCHISING USA, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. New York Law requires the Franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship.

If MEDI-WEIGHTLOSS FRANCHISING USA, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and in the state agency listed on Exhibit "U".

Issuance Date: April 28, 2023, as amended October 21, 2023

The individuals below act as our franchise sellers on this franchise sale:

Medi-Weightloss Franchising USA, LLC 509 S. Hyde Park Ave.
Tampa, FL 33606
(813) 228-6334

Andrew Cox; Brooks Edlund; Ken Hall; Rhandi Guzzo; Sharla Cook; Charolette Obringer; Casey Robinson; Debbie Mathey; Christina Anderson; Ben Scott; Chandler Hedgepath; Dr. Macklin Guzman; Dr. Gretchen San Miguel.

The franchise seller for this offering is _____ . His/her address is _____
_____ and his/her telephone number is _____.

MEDI-WEIGHTLOSS FRANCHISING USA, LLC authorizes the respective state agencies identified on Exhibit "U" to receive service of process for it in the particular state.

I have received a disclosure document dated April 28, 2023, as amended October 21, 2023, that included the following Exhibits:

- | | | | |
|-----------|--|-----------|---|
| Exhibit A | Financial Statements | Exhibit M | Form of State Specific Addenda and Exhibits |
| Exhibit B | Form of Franchise Agreement and Related Materials (Exhibits) | Exhibit N | Table of Contents of our Manuals |
| Exhibit C | Form of Area Development Addendum | Exhibit O | Form of Confidentiality, Non-Solicitation and Non-Competition Agreement |
| Exhibit D | Form of NCP Addendum | Exhibit P | Optional Marketing Services Agreement |
| Exhibit E | Form of Owners' Statement | Exhibit Q | Optional E-Signature Service Agreement |
| Exhibit F | Form of Owners' Guaranty | Exhibit R | Form of MediLiving Addendum |
| Exhibit G | Forms of General Release – Renewal or Assignment | Exhibit S | Form of Existing Business Addendum |
| Exhibit H | Form of Medical Practice Management Addendum | Exhibit T | Form of Outside Business Activity Addendum |
| Exhibit I | Form of Business Associate Agreement | Exhibit U | List of State Agencies/Agents for Service of Process |
| Exhibit J | Form of Electronic Funds Transfer Agreement | Exhibit V | State Specific Effective Dates |
| Exhibit K | List of Franchisees and Licensed Businesses | Exhibit W | Receipts |
| Exhibit L | List of Franchisees and Licensed Businesses Who Have Left the System | | |

PROSPECTIVE FRANCHISEE:

If a Business Entity:

If an Individual:

NAME OF ENTITY

Signature: _____
Name Printed: _____

By (Signature): _____

Name Printed: _____

Date FDD Received: _____

Date FDD Received: _____

KEEP THIS COPY FOR YOUR RECORDS.

This disclosure document is also available in pdf format and can be requested on our website: www.mediweightloss.com